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Standing committee on public accounts

Subcommittee report Committee business

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Deuxième session, 38^e législature

Journal des débats (Hansard)

Jeudi 15 décembre 2005

Comité permanent des comptes publics

Rapport du sous-comité Travaux du comité



Président : Norman W. Sterling

Greffière: Susan Sourial

Chair: Norman W. Sterling Clerk: Susan Sourial

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 15 December 2005

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 15 décembre 2005

The committee met at 1005 in committee room 1.

SUBCOMMITTEE REPORT

The Chair (Mr. Norman W. Sterling): OK, folks. Neither Shelley nor Julia is going to be here. Since we're just approving what the subcommittee decided, you can see—everyone has a list of our choices of the three caucuses.

Mr. Richard Patten (Ottawa Centre): A list of choices? Where are they?

The Chair: It's the report of the subcommittee on committee business.

What I need is someone who would read that into the record and move a motion that we adopt the report of the subcommittee.

Mr. Bill Mauro (Thunder Bay-Atikokan): Do you want the whole thing read?

The Chair: Yes, other than, of course, the first part, "Your subcommittee...."

Mr. Mauro: I move:

(1) That the selections for consideration by the committee from the 2005 Annual Report of the Office of the Auditor General of Ontario be as follows:

—section 3.01: Ambulance Services—Air—Ministry of Health and Long-Term Care

—section 3.02: Ambulance Services—Land—Ministry of Health and Long-Term Care

—section 3.03: Charitable Gaming—Alcohol and Gaming Commission of Ontario—Ministry of Government Services

—section 3.04: Child Care Activity—Ministry of Children and Youth Services

—section 3.05: Driver and Vehicle Private Issuing Network—Ministry of Transportation

—section 4.02: Children's Mental Health Services— Ministry of Children and Youth Services

—section 4.06: Business and Economic Development Activities—Ministry of Economic Development and Trade

—section 4.08: Environet—Ministry of the Environment

—section 4.10: Ontario Student Assistance Program— Ministry of Training, Colleges and Universities

(2) That the committee begin each section with a closed-session briefing by the Provincial Auditor and research officer and that the deputy minister and other appropriate staff of each ministry be asked to attend the

committee following the closed session briefing to provide a response to the auditor's report.

(3) That, upon authorization by the House, the committee hold meetings on Thursday mornings until 1 p.m. and again after routine proceedings while the House is in session in February and March 2006.

(4) That the committee clerk determine the schedule based on the availability of the ministries, alternating section 3s with chapter 4s.

The Chair: Mr. Mauro, under number (2), instead of "Provincial Auditor," I'm sure you meant "Auditor General" there.

Interjection.

The Chair: Do you want to have a discussion on this? Our history has been that we've never sat any afternoon. I guess we've always put that in, in case there were some unusual circumstances that arose.

Mr. Patten: If you're following tradition, then I have no problem.

The Chair: OK.

Mrs. Liz Sandals (Guelph-Wellington): Can we then change it so it doesn't say "February and March"? If we're doing one per morning, there aren't enough Thursday mornings in February and March to get through all 10 ministries. So should we be saying that in February, March and April we'll hold the hearings, or—

Mr. Patten: This doesn't suggest we have to do all

these in that period.

The Chair: No, we don't plan to do all of them.

Mrs. Sandals: OK, as long as it's clear that we don't have to get all this work done in February and March. Do you see what's concerning me? Because that would then imply that we would have to sit afternoons. I agree with Richard: The last thing I want to do is tie myself up further on Thursday afternoons.

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Mr. Mauro: I think this step is in there, Jim said—or maybe it was Susan who told us that we needed to put that in there because you can't sit in the afternoons without the approval of the House, correct? So that's simply in there for that reason. It's not implying that we will be here, but if we needed to be here, we needed that approval within the subcommittee recommendations, correct?

Mrs. Sandals: That's OK, just as long as it's clear that we can keep on going with the hearings into April or whenever is necessary.

Mr. Mauro: That's right. The anticipation was that when we were doing this, we would then amend that and make a decision on how much more time we would need.

The Chair: This is just copying what we did last year. We just asked for February and March. We could actually extend this on into the rest of the spring. But at the subcommittee yesterday, I think what we agreed to was that, come the third week of our hearings, which will be at the end of February or early March—I think we rise on March 2, so we'll probably be sitting on March 2—we'll make a decision during that period of time on what we're going to do into the future.

Mrs. Sandals: We're only going to get through—we're sitting for about three or four weeks.

The Chair: Yes, we're going to do three. The feeling of the committee was that we do two number 3s, the value for money audits, and one of the review ones, a number 4. We'd start off with a 3, then go to a 4, and then go back to a 3, so that the researcher's work will be spread out. There's less work associated with a 4 than there is with a 3.

Mr. Patten: Sections 3.01 and 3.02 should be done together, it seems to me.

The Chair: We're trying to accommodate deputies and ministries as best we can, and so our instructions to the clerk were to try to be as accommodating as possible. If in fact they want to do them back-to-back, that's fine.

Mr. Patten: It's a seamless system.

The Chair: OK.

Mr. Patten: That was a joke.

The Chair: Basically, what we're doing is trying to be as accommodating as we can to the ministries and their deputies, and Susan has those instructions. Nobody really had a preference as to what was number 1 or 2 or 3 or whatever. Is that correct, Bill?

Mr. Mauro: Yes. I think it was actually Susan who recommended that maybe it'd be best not to put the two ambulance services, land and air, together because it might have been more difficult for the ministry to prepare, and that we should split them. But as the Chair has stated, nobody felt strongly about any particular order, except that we should alternate from a 3 to a 4 and that we were going to allow the ministry to basically tell us, in terms of the air and land piece, what was easiest for them.

Mr. Patten: We just have legislation coming in to deal with some of the recommendations that have already been made. I'm curious about the rationale, if you're talking about emergency services—a plane has to fly into a reserve, pick somebody up and bring him to an ambulance at an airstrip, and then that ambulance has to go to a hospital—as to why those two aren't presented together so you can see the relationship. That's the logic I have.

The Chair: I don't know. They were two different sections in the auditor's report. One was chosen by the Progressive Conservative Party and one was chosen by the New Democratic Party. Why would we not just leave

it to Susan? If it's the ministry's desire to come and do both one week after the other, then fine and dandy.

Mrs. Sandals: There are a lot of land ambulance issues, though, that have nothing to do with whether or not they connect to air.

The Chair: I agree. I think they're two different issues. That's my view on it. I think one has to do with circumstances dealing with response times and how many planes they have in certain parts of the province etc. The other relates to a municipal-provincial relationship, the setting of standards and municipal boundaries and that kind of thing. So in my view, the issues are fairly clear.

Mrs. Sandals: Richard's right. They don't necessarily always link well when one's provincial and one's

municipal.

The Chair: OK. Shall the motion put forward by Mr. Mauro carry?

Mr. Patten: Carried.

COMMITTEE BUSINESS

The Chair: The Auditor General would like to update the committee on a matter.

Mr. Jim McCarter: I just wanted to mention to the committee that over a year ago, when we did drug programs, there was a recommendation that the Ministry of Health report annually to the auditor, comparing the price they paid on their drugs versus the price being paid in other jurisdictions. Almost a year had passed and we hadn't heard anything. So I wrote a reminder letter to the deputy minister, Ron Sapsford, saying, "Remember this recommendation, Deputy? Can you get back to us?"

Anyway, they did get back to us earlier this week. So I'd just like to report that they did get back to us. They took the top 50 drugs and compared them to British Columbia, Saskatchewan and Quebec. My staff haven't had a chance to analyze it yet—and we will—but I just want to apprise the committee that they have reported back to us, as the committee recommended. They indicated, too, that they've got this drug system secretariat that they've started up, which is also looking at the price Ontario pays versus the price that's being paid in other jurisdictions. So we'll have a look at that, and if there's anything of interest, we'll report back to the committee in February or March.

The Chair: Ray raised the matter at the sub-committee, and we thought that we might briefly talk about it today, and that is whether or not the public accounts committee should adopt practices from other jurisdictions or talk about any kind of reform of activity that we do. We're not trying to lead to a discussion today on that matter. What we asked Ray to do was lay down the premise or the kind of discussion we might have, probably in our second week of meetings in February, when we're dealing with that matter under one of the section 4 matters, which normally don't take as long as the section 3 matters.

So, Ray, would you like to say a few words?

Mr. Ray McLellan: Thanks, Mr. Chair. I think over the years, we've talked about the format used as far as the background material and also committee reports. I guess one of the concerns has been that the committee reports are long. We're in the process of trying to summarize the salient points from the auditor's report, go through the hearings and come up with recommendations. I had done a very brief comparison. I guess it'll be a topic for discussion for next year, but I'll send a package out maybe in January.

I looked at the format of the House of Commons reports, and I've got a copy here. As I say, I'll circulate this. Then I looked at the UK model of reports, and they're quite different. They're probably worth considering. I think they get more to the point a lot faster than we have. We spend, I'd say, a lot of time on the preamble. We do use the preamble to kind of remind us of what happened four or five months ago, when we had the hearings. I think that's important to say at the outset.

I think the UK model and the House of Commons reports are a lot shorter. In other words, this one that I have—looking at fisheries, fleet management, House of Commons—is a seven-page report. The UK report—I pulled one off. Going back this year, it deals with two jurisdictions: the duchy of Cornwall and another duchy in England. They deal with those matters in about a dozen pages, so they're a lot shorter. I guess the thrust of our report could be to get right to the recommendations very early on: have a cursory overview of the critical or main points in the auditor's report, get right into our recommendations, and just spend four or five pages on those.

Maybe that's a discussion we could have in February, prior to getting into our first report. I will assemble information on that and see what the committee wants to do. If they want to change things, great, and if not—

Mr. David Zimmer (Willowdale): Have you got

copies of those two reports?

Mr. McLellan: I'll send those out, Mr. Zimmer, in January.

Mr. Zimmer: OK.

Interjection.

Mr. McLellan: I'm not trying to push it too hard, but we've been on this same path for a decade. It may be worthwhile to consider another model. So I will do that.

The other thing I wanted to raise is the background material that we'll start preparing right away for hearings in February and March. I've circulated two documents entitled Background Notes. One's going back to a model that was used in 1998 on conservation and prevention division, an old audit; and a second one is on media tax credits. With these backgrounders, I guess the question very simply is, are they adequate? Are we going down a path of providing information you really don't want? Is there a way that we could improve them?

I noticed on the media tax credits, one of the things we have on page 1 at the bottom is a list of appendix materials. In there, we've got a copy of the auditor's reports, excerpts from the public accounts and some of

the Ontario budget. There are press releases in there and a memorandum of understanding. Some of these are critical things, I think, for this, but maybe some aren't so critical: a couple of pieces of legislation, news releases or Hansard from the Legislature in 2004. I guess the question very simply is, are these background notes helpful or could they be improved? What are we doing right and what are we doing wrong?

Mr. Zimmer: What I would find helpful is, right up at the front, some sort of statement or information about what attracted our attention to this topic, because we're sitting around the table at the subcommittee, figuring, "Are we going to look at this or that?" In the back of all of our minds, we have an idea of why we want to look at this rather than that. Typically, in the back of our minds, we sense that there may be some mischief there or something that ought to be ferreted out.

Sometimes I think, reading over the preambles, it doesn't really get to the point: "We think there's something going on here. Here's what it is. This is why we want to look at it."

Mr. McLellan: To do that, very briefly.

That leads to another question I have: Is it helpful, for example, when we go section by section, to summarize, if the auditor's text in section 1 is three pages and Elaine and I try to condense it down to three quarters of a page? The question is, number one, if you want to quote from the auditor's report, you're going to go directly to that source and quote from it; that's the logical thing. Is it useful for legislative research to go through it and try and summarize it, to condense it down, to cut it down to 25% of what it was? Is it useful to do that? The other part is, we list a number of questions. Are those questions helpful? Do you develop your own questions or do you rely on our questions?

Mr. Patten: It's helpful.

The Chair: Ray, I haven't had any objection to any of the material that has been given to us in the past. I can't really find fault with it, or an excess of material in what we have. The only question I always seem to have when I get a ministry in front of us is, and this is always a concern, whether I'm sitting in the Legislature, sitting in this committee, sitting at a cabinet table or whatever it is: What are the other jurisdictions that are closest to us in size, complexity, responsibility, doing with this problem? For instance, when we go into land ambulance, I guess you're edging into policy when you start to look at different kinds of systems and how they achieve accountability and how they achieve efficiency. That's always ticklish, whether you're going into that or not. Land ambulance has always been a bugaboo of mine. If you go to Seattle, it's combined police-fire-ambulance. It's all one deal. The ambulance comes out of the same place where the fire services are. As I understand it, they do a much better job of coordinating and responding.

Maybe the auditor would have a better idea of where the comparisons are.

Mr. McCarter: That would depend. When I think of ambulances, I know we have a couple of examples where

we talk about comparable response times in other jurisdictions—say, New York and the U.K. If I look at the 10 recommendations we've had, there may be only two or three areas where we may have picked up comparable ways.

We have to be a bit careful, as the Chair indicated, when you talk about whether you deliver things, whether it's the private sector that delivers, whether it's partnered or whether you deliver in-house—some of that tends to border on policy a bit. We're a little bit careful about

trying to imply it as a preference.

I'm just thinking of Ray. I know sometimes we have difficulty ourselves getting that information. It does take a bit of time, and we have some reasonably good contacts in the other offices. So in a number of the reports we would have comparative information, but it wouldn't cover all the different areas. It would vary, report by report.

The Chair: Any other comments on the material

prepared for us?

Mrs. Sandals: I was going to say that I find the fact that you copied the section of the auditor's report really useful, because that means I don't have to lug around the whole thing. For those of us who don't live in the building, having to carry one chapter as opposed to the whole thing actually matters.

I tend not to look at the public accounts estimates material that you always faithfully copy, because the actual numbers that we're interested in, the numbers that we have to worry about, are likely captured in detail in the auditor's material, as opposed to estimates, which is some line for a whole program or a whole department and doesn't really tell you much anyway. When it comes to numbers, I would rely on the auditor's report.

Maybe somebody else looks at it, but I must admit that I never look at that sort of estimates, public accounts end-

of-year accounting stuff that's provided.

Sometimes you'll give us little tidbits from Hansard or the media or something, which is useful to recall the public comment on whatever the issue is. But it's the stuff that's value-added, that isn't obvious from just reading the auditor's report. The auditor isn't looking at the public comment piece, so that's something that you're adding that's value-added.

The short summary is useful. Then I tend to just go

into reading the report, the chapters.

Mr. McLellan: Do you think it's worthwhile to keep a bit of an introduction on each section—in other words, if we can do a two- or three-paragraph introduction, section by section?

Mrs. Sandals: Or even just a paragraph. I'm not sure a medium-length summary is super-useful. If I'm going to take time to read something that's 50% of the original, I'd rather just go to the original. So it's only if it's a real executive-summary sort of thing that it's a useful guidepost. Once it gets too long, I'm going to read the original.

Mr. McLellan: One thing that I think is very important to keep in there: As we know, by the time we get to these audit report hearings, it's six or seven months

since the auditor signed off on his report. During that, and the ministry in responding to their sign-off and finalizing the report, they may take action. I think that's important. If we can identify and include press releases where they've moved on an issue, it's important to fill the gap.

1030

Mrs. Sandals: Yes. The updates, especially the further we get away from your tabling, are probably more useful in terms of pointing toward questions than the questions, because the updates tend to say, "OK, the auditor said this; you've done this. Tell us in more detail what it is

you're doing to solve the problem."

Mr. McCarter: Sometimes the deputies will give me a quick call, saying, "My opening remarks—what should I say, Jim? What are they interested in?" I say, "Probably the one thing they're very interested in is, what action have you taken since the audit on each recommendation, to give the committee a sense of what you've accomplished and what you disagree with?" I think you'll find most of the deputies are coming in and they almost go through recommendation by recommendation, saying, "We've done a lot more since the audit. Here's what we've done," and they kind of lay it out.

The Chair: Richard?

Mr. Patten: I was just going to say, on the update, that that's valuable. Whether that should be done in isolation or in each section, I'm not sure, but that makes a difference. In other words, when we're looking at the material before we come to the meeting, if we had that update, that would be valuable because we'll formulate questions on the basis of the auditor's report. If we haven't got an update, we'll come here and they'll say, "Well, by the way, here's the update." If we can get that beforehand, that would be very helpful.

The Chair: One of the things that would be interesting for us to try to focus on is-I'm a little concerned about hearing somebody in mid-February, and we get down to writing the report in May and tabling the report at the end of May or June—that if we recognize, in the meeting with the deputy or whatever it is, that there's something that's absolutely obvious to us and we really want to spur some response and not have this thing four or five months down the road, there's nothing to prevent us from putting in an interim report with regard to any of the hearings we have. Maybe, as we go down the road and there may never be this kind of circumstance, but one of the problems I have is that, by the time we're considering the report in May or June, I've sort of lost the focus. We do have this little meeting after, but if there's something that we feel really strongly about, rather than writing a letter to the ministry, we could put an interim report in as well. I think that you could spur a little bit more reaction by doing that, because it has never been done by the committee before, and they would recognize that there has been a change in what the committee is

Mr. McCarter: I can think of a couple: I can think of the FRO coming in. We'd said that, "In a number of other jurisdictions they have a pretty good computer system in place, and instead of reinventing the wheel, you should look at that." I got a sense from the committee that, "You guys should be looking at this," but they're going to go merrily along. By the time the report comes out, it's five months later and they're probably too far along.

The Chair: Let's sort of keep our heads up on that. Maybe, Ray, as you put forward the information to us that we receive for the next three hearings in February and March, you delineate between the different types of information that you're presenting to us so that we can review whether or not any of us use type seven information, or if, by the time we got to that, we really didn't need it.

Mr. McLellan: If I hear you, then I think that Mr. Zimmer's point about highlighting right on that first page, the first couple of paragraphs—these are the issues the committee is concerned about in air ambulance. It's really one, two, three, and then to do essentially the same overview but a lot shorter executive summary on the auditor's report.

The Chair: The only trouble with that, though, is that these are the choices of three different political parties, and they have three different agendas, obviously.

Mrs. Sandals: That might not be very easy to pick out—

The Chair: That's right.

Mrs. Sandals: —this is why it was chosen.

Mr. Zimmer: Ray didn't get a chance to finish his thought.

Mr. McLellan: In other words—obviously we're dealing with three parties—when we're discussing it, from my perspective, I could hear issues that kind of rise to the fore as being the most important. Maybe I can just use my judgment on that; hopefully, I'm close.

Mrs. Sandals: What it might be useful to do is to go back to Jim and say, "Jim, what do you think are the three most important issues?" and capture Jim's three most important issues—

Mr. Zimmer: Can we give Ray a chance to finish his thoughts? He's been interrupted twice now.

Mr. McLellan: Those critical issues, however we resolve that—as Mrs. Sandals was saying, that very brief introduction to each section so you can say, "Yes, this is what this section's about," and then you can go to the auditor's report and wade through that.

I think the other point that's come up is interim activities, updating us on what's happened following the auditor's tabling of the report and following that with the sign-off from the ministry. That period is very important.

So if I can in some way summarize those press releases and what the ministry's action has been, and identify questions and issues within that package, that would be helpful.

Then, as Mrs. Sandals said, maybe we can drop off some of the background material. For example, let's not worry about going to the estimates committee, necessarily, and looking at their Hansard. House Hansard, I think, is still relevant. Photocopying the public accounts is probably not a good idea. With respect to one or two bills, if there's new legislation coming in, I could probably include an overview of that legislation rather than the full text.

So start to make it a bit more intelligent in terms of going where you want to go, because the last thing we want to be doing is spinning our wheels on background that isn't relevant. I think that applies to those reports as well, when we discuss them in February. Some of the information is certainly helpful to me and to Elaine as far as where you want to go.

The Chair: Is there any other business that people would like to talk about?

I'd like to, on behalf of the committee, thank our researchers, and thank you, Susan, for your work over the past year. I think all members of the committee like the committee, like sitting on the committee, find it interesting, and that's really, I think, in large part due to the work of the researchers and, of course, the openness which the Auditor General and his staff give us with regard to information, the frankness of that information, and that kind of thing. So we are indeed very thankful to the people who have helped us here.

I think, Susan, you did a great job in setting up the conference that we were responsible for this year. Those members who participated in it learned a lot from our confreres. In that light, when I was there as your Chairman of the committee, I was presented with a very important trophy, and quite frankly, Susan, I don't have a recreation room to put it in. So I want to give to you, I'm sure on behalf of all of the committee, this very important Public Accounts Committee House of Representatives National Assembly of Nigeria plaque for your office, because I don't know where I'm going to put this. At any rate, there you go. I think that will help you remember that conference above any others. You may share that with the researchers every four months.

Mrs. Sandals: You can shift those around from office to office every four months.

The Chair: Thanks again, folks. Everybody, have a good holiday.

The committee adjourned at 1040.

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Standing committee on public accounts

2005 annual report, Auditor General: Ministry of Children and Youth Services

Chair: Norman W. Sterling Clerk: Susan Sourial

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Deuxième session, 38^e législature

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 16 février 2006

The committee met at 0943 in room 1, following a closed session.

2005 ANNUAL REPORT, AUDITOR GENERAL MINISTRY OF CHILDREN AND YOUTH SERVICES

Consideration of section 4.02, children's mental health services.

The Chair (Mr. Norman W. Sterling): Is everybody settled? Welcome, Ms. Wright, to the public accounts committee. I see you have an opening statement, which we'll give you the opportunity to present. Perhaps you would also introduce the people sitting with you at the table, and if you require the assistance of any of the other staff sitting behind you, would you introduce them as they come forward. You may proceed.

Ms. Judith Wright: Thank you, Chair, members of the committee, auditor and staff. I am pleased to be here today to respond on behalf of the Ministry of Children and Youth Services to the Auditor General's and the committee's recommendations on children's mental health. Joining me today is Trinela Cane, assistant deputy minister of the policy development and program design division within the ministry, which is responsible for policy development for the key areas of children's mental health. I also have joining me at the table Terry McCarthy, assistant deputy minister for the program management division, which supports the ministry through the nine regional offices that are responsible for the transfer payment funding for children and youth services. Each of them has responsibilities for areas in the recommendations from the audit report, and they're pleased to be here to participate in the discussion.

I have shortened my opening remarks a bit, because I know the benefit of this is actually from the discussion. I just wanted to flag that for you.

I would like to begin by recognizing that the Auditor General's and the committee's recommendations have provided valuable input and direction as we move forward on improvements in mental health services for children and youth in the province. I will speak today about the progress we've made in addressing the issues raised by the Auditor Genera and this committee. I will also touch on some of the challenges we have faced in moving forward on implementation. I know that the

children's mental health system is diverse and complex; we all know that. That makes finding ways to standardize and measure the system more challenging. We are moving forward, but at the same time, we recognize that this is a process of continual improvement.

Since my appointment as deputy this past October, I have had the opportunity to visit the 13 regional offices of the ministry. I have met with staff, service agencies and community partners, as well as families, and children and youth. I've met many very dedicated and hardworking people committed to improving children's mental health and children's services in this province.

In that context, I just wanted to remind members of the committee that the ministry was created two years ago with the overall objective of supporting the healthy growth and development of children and youth from birth to age 18 so that they can get the best start in life, achieve success in school and grow up to be productive and contributing adults. Within the area of children's mental health, the ministry is accountable for funding more than 250 agencies, including approximately 90 dedicated child and youth mental health centres, hospital-based outpatient programs and a telepsychiatry service through the Hospital for Sick Kids. The ministry also directly operates two child and youth mental health facilities: the Thistletown Regional Centre in Etobicoke and the Child and Parent Resource Institute in London. In 2004-05, the ministry funded programs that provided mental health services to approximately 153,000 children and youth across the province.

Before I talk in detail about our progress on addressing the audit recommendations, I would like to note a couple of areas that the ministry also supports that are linked to children's mental health, in particular in the areas of prevention and early intervention.

The first is the Best Start program: Its commitment to early healthy development and child care helps support each child's mental health and well-being by identifying young children who need extra support early. Through initiatives such as the preschool speech and language program and the standardized baby checkup at 18 months, children can get the help that they need sooner. This ministry also supports the aboriginal Healthy Babies, Healthy Children program, a voluntary early intervention and prevention initiative with a focus on home visiting the parents of newborns. This program is intended to improve the well-being and long-term prospects of aboriginal children in Ontario.

In response to the unique needs of aboriginal children and youth, the ministry provides funding for the Akwe:go program, operated by the Ontario Federation of Indian Friendship Centres. This new program provides urban aboriginal children age seven to 12 with the support, tools and healthy activities which will build and foster their inherent ability to make positive choices.

Mental health issues cover a broad spectrum. They can range from the stress a child might feel because of parents having disagreements at home, to bullying or showing aggression towards other students at school, to experiencing anxiety or severe clinical depression and other serious illnesses

As you are aware, the 2004 Ontario budget allocated \$25 million in new funds for child and youth mental health services, which grew to \$38 million in this fiscal year. The investment has helped create more than 100 new programs and expand 96 existing programs across the province, as well as providing a 3% increase in funding for staff salaries at community agencies. This brings the 2005-06 investment in mental health services for children and youth to \$461.6 million.

We are working closely with the sector to increase efficiencies, for better coordination, better use of information and to provide children, youth and their families with the support they need.

I would now like to outline what the ministry and the service providers have done to continue to respond to the Auditor General's and this committee's many recommendations. We are confident that these initiatives will lead to improved accessibility, accountability and responsiveness in the delivery of child and youth mental health services.

The first set of recommendations identified the need to properly monitor the quality of mental health services provided, to establish standards of service and to work with partner agencies to take corrective actions where necessary. In previous discussions with this committee, the ministry representatives have addressed the steps we are taking to put in place the tools to collect the data and to measure outcomes in order to address the auditor's and the committee's concerns about service standards and access. In implementing these steps, what we found, and what the sector told us, was that we need an overall policy framework for children's mental health if we are going to have good data collection, comparable measures of outcomes and identification of service needs across the province.

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The ministry is now in the final stages of developing this policy framework for children and youth mental health. Last summer, the ministry distributed a background document on issues related to the policy framework to service providers and key stakeholders. This past fall, in partnership with Children's Mental Health Ontario, we received extensive community input from a range of stakeholders and service providers on the development of the framework. I would like to recognize Children's Mental Health Ontario, which has been our

indispensable partner in developing this framework and has assisted the ministry in undertaking extensive discussions to help guide its direction.

The framework will outline guiding principles for the system, goals and a framework for a continuum of services and levels of care. We believe this framework will provide the foundation for the further development of provincial standards and guidelines to support evidence-based services. We'll be releasing the policy framework later this spring, and we will continue to work with the sector as we implement the policy framework

In addition, in order to both support the policy development process for the framework and to meet the recommendations of this committee to better measure outcomes in this sector, the ministry has developed an evaluation process for the programs funded by the new investments announced in the 2004 budget.

The provincial centre of excellence at the Children's Hospital of Eastern Ontario in Ottawa is leading the evaluation, implementation and design process. Secondly, the ministry is establishing baseline data for client progress and wait times based on the information obtained from the brief child and family phone interview—or BCFPI—and the child and adolescent functional assessment scale—or CAFAS. These tools allow the ministry and the sector to identify baseline data against which performance outcomes can be measured. Use of these two tools by agencies will be required under the transfer payment service contract agreements for this year.

The auditor's recommendations related to wait times and waiting lists focused on establishing reasonable wait-time standards and the development of strategies to monitor and remedy situations where waiting times for services are too long. The standing committee's recommendations also spoke of the need to have a consolidated ministry wait list. We recognize, of course, the importance of good wait time data and monitoring wait times as a key indicator of service needs.

As we proceed with collecting the necessary data on wait times from BCFPI, we need to work in a thoughtful way that has meaning for the sector. We understand the importance of this information to parents and the importance of getting the information right. As we have been implementing the data collection process with BCFPI, we have addressed a number of challenges in moving forward.

The first is that the mental health services that we fund respond to a complex range of mental health concerns, disorders and conditions, ranging from anxiety disorders to substance abuse, attention deficit, to just mention a few.

Second, children, youth and their families may require a variety of services and interventions to address this need. We do not have a single or unique identifier, which makes it challenging to track whether clients are, appropriately so, on multiple waiting lists.

The third challenge is the need for greater standardization of terminology for the various stages of service. The provincial child and youth mental health policy framework, which I spoke about earlier and which is currently being finalized, will provide a foundation for addressing these challenges. However, in the immediate term, we continue to work with Children's Mental Health Ontario to develop baseline data for current waiting times.

The BCFPI tool I spoke of earlier has the capacity to provide critical data on wait times for child and youth mental health services. The tool also permits individual agencies to assess the needs of those seeking service and triage to provide support to those assessed as being most in need.

Children's Mental Health Ontario, working closely with the ministry, began collecting data using the BCFPI tool in 2004. The first provincial report on baseline data shows that in 2004, the average wait time for clients who were admitted to service province-wide was 36 days. As I mentioned previously, the ministry is working with CMHO to make sure data collected by agencies is done in a consistent manner and with consistent definition.

The 2004 budget investment of \$38 million by 2005-06 in the sector was undertaken directly in recognition of the need for increased service capacity across the province. The new service funding was allocated through community planning tables in order to identify and respond to local service gaps.

In terms of performance measures, we recognize that they provide important information to support funding and program decisions. For the past two years, the ministry has taken steps to improve performance measures for services provided by transfer payment agencies.

In the short term, the ministry is establishing outcome measures for the new funding for child and youth mental health programs. The policy framework I mentioned previously will lay the foundation for the development of evidence-based standards and guidelines upon which outcome measures can be established across the sector. We are doing this work in partnership with the Provincial Centre of Excellence at the Children's Hospital of Eastern Ontario.

Key to supporting the development of good outcome measures and measuring quality services is applied research and evaluation. As you are aware, the ministry funds the provincial centre of excellence at CHEO to support relevant research and evaluation. To date, funding has been provided to seven major evaluation projects, and a further 22 such proposals are soon to be adjudicated.

Additionally, the provincial centre of excellence has built research capacity by funding protected time for practitioners to conduct research, undergraduate, graduate and post-doctoral fellowships, and youth awards tailored to combatting stigma.

The ministry has also taken steps to address the key recommendations from the auditor and from this committee related to strengthening of financial accountability. In the 2005-06 budget package for agencies, we made a series of technical revisions. These were communicated to agencies last July and have laid the foun-

dation for more significant changes in the 2006-07 transfer payment budget. These changes will result in improvements to the accuracy, reliability and usability of service management information data. This will help us to better monitor transfer payment expenditures and to better assess whether agency funding is equitable and based on meeting the needs of children and youth in their communities.

As well, the ministry established a working group to update and provide consistent service description schedules for the majority of child and youth services across the province. This includes revised service description schedules for child and youth mental health services in the 2006-07 budget package. The revised schedules will be distributed to service providers this month.

Service and financial reports received by the ministry from the agencies have been improved, and corporate and regional staff have been trained so that we are better able to identify ineligible and inappropriate expenditures. We have also added expenditure and revenue worksheets to the 2006-07 transfer payment budget package to support additional year-end reporting requirements. We are continuing to provide training on transfer payment business process and accrual accounting to regional staff, and this includes emphasizing that surpluses identified through year-end reconciliation must be recovered.

Finally, the ministry has taken several steps to ensure that the management information systems provided sufficiently detailed, relevant and accurate information to allow monitoring of the cost-effectiveness of service delivery.

The fact that we are discussing these issues at this committee is evidence of how vitally important they are, and we thank you very much for your interest and for spending time to raise your concerns. All of your contributions add value. We work with our service providers and agencies to make improvements for delivering crucial programs to children and youth.

To conclude, steps have been taken and investments made to address the issues raised in the reports by the Auditor General and by the committee. I would like to take this opportunity to recognize the many dedicated individuals who work hard every day to support children and youth with mental health issues. We will continue to work across all regions with our many dedicated partners to build a strong, integrated system of child and youth mental health services. The goal is to provide vulnerable children and youth with the appropriate support when the need it, so they can achieve the best possible outcome.

Thank you. I look forward to the discussion.

The Chair: Thank you very much. I saw Mr. Zimmer's hand up first.

Ms. Shelley Martel (Nickel Belt): Are we going around in rotation?

The Chair: Yes, we'll go around. Go ahead, Ms. Martel; that's fine.

Ms. Martel: All right. Deputy, staff, thanks for being here this morning. I'm going to focus my first round of

questions on the autism program. Where I want to start is actually in the allocation of funding for the preschool program last year, fiscal 2004-05, because, from an FOI that we got from the ministry—we were of course looking for information about what the allocation was for IBI and what was spent—we were very dismayed to discover that last year, the budget was underspent by \$2.7 million and that instead of putting that money into IBI, especially when there was a waiting list, \$2.7 million was directed instead to child welfare.

I'd like to know the rationale for this, because if I can just give you the numbers, somewhere around the time that the decision was made, there seemed to be 287 kids who were waiting for an assessment to determine if they would qualify for IBI. Another 399 children had already qualified and were on the waiting list for treatment. I don't understand why the ministry would have made a decision to redirect \$2.7 million to child welfare in the face of that waiting list.

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Mr. David Zimmer (Willowdale): Sorry, I didn't hear.

Ms. Martel: I said I don't understand why the ministry would have made a decision to divert \$2.7 million to child welfare, which was done, when there were those kinds of numbers of kids (a) on a waiting list ready for treatment, and (b) just waiting to be assessed.

Ms Wright: Thank you for your question, Ms. Martel. I'm going to actually ask Terry to speak to it in terms of managing that budget. I do want to acknowledge that we are tracking the expenditures this year extremely closely. We've recognized the importance of spending this money on service delivery for kids. We're tracking it carefully, and I believe we're on target for expenditures this year. But I will have Terry speak to last year's numbers.

Mr. Terry McCarthy: I'd like to further acknowledge that we share your interest in ensuring that all the money that's available for intensive behavioural intervention is in fact spent for the intended purpose. I will say, as I'm sure you're aware, that we've had capacity issues in that program. We've worked very hard with our service-provider community to recruit, retain and train suitable professionals who are able to provide services to autistic children. We've made choices available to parents in order to tap whatever available resources are in the community beyond those that reside in the nine regional service providers. What I'm speaking to in particular, of course, is the direct funding option, whereby some parents—approximately one third—make the decision to go out and hire trained professionals independently in the marketplace. This has allowed even more children to receive service.

This year, as the deputy has noted, we've tracked expenditures in the IBI program very carefully and I'm pleased to report that we're on track to spend virtually all the allocation for its intended purpose, providing intensive behavioural intervention for those identified children. As you know, last year, lacking the capacity to actually expand the program at year-end, we had to make difficult choices.

Ms. Martel: Can I interrupt? If you're saying to me that the problem was that there weren't enough people to provide IBI, I don't buy that argument. That was the same argument that the ministry—former staff, okay?—came and gave us when the committee looked at this report and when we found that the Conservatives had underspent in this program every year that the program was under way. That is exactly the rationale we got over 15 months ago, that there wasn't enough capacity in the system, there weren't enough therapists, so the services couldn't be provided. I don't buy that argument any more. We are 15 months later. We know that training has gone on.

I can tell you that I don't know a parent who has been offered direct funding who can't find therapists. The problem that parents have with direct funding is paying for the additional costs they have to pay out of their own pocket if they go that route versus direct service. The other problem you've got is that many regional providers won't even make an offer of direct funding to parents. So with all due respect, I don't buy that argument.

I'm happy to hear that you're on track for this year. I'm really angry to hear that last year, \$2.7 million was diverted to child welfare at a time when 400 kids were sitting on a list waiting for treatment. I cannot believe that there weren't one or two or three or four parents there who couldn't have been offered the direct funding route and couldn't have found IBI therapists. I don't believe that. I don't accept that rationale.

Ms. Wright: You are correct: We have invested in the capacity side and trained 110 new therapists. And you are absolutely correct. We are in a much better position to offer IBI therapy now than we were a year or so ago. I think it's why we're confident in saying we're on track in terms of the allocation of that budget to what it should have been allocated to this year.

Ms. Martel: But Deputy, even last year, we were in—what?—year 5 or 6 of this program. So it's not as if we're talking about a new program. In year 2 or 3, I would have agreed that there was a problem ramping up, that there was a problem finding people. What I do know is that when parents are given a direct funding option, they have no problem finding therapists. We've got \$2.7 million. What effort, if any, was made to make an offer to parents in any of the regions to go the direct funding route to ensure that those funds could have been spent? Why didn't that happen?

Mr. McCarthy: With respect, I think it's fair to acknowledge that while the program has reached capacity now, where we have the capacity to produce on the money we have, this program has increased in expenditures, year over year, since year 1, when it began with a mere \$5-million allocation. Today it's in excess of \$50 million. So while it's true that the program has been in existence for five years, it's also true that each year has presented capacity issues to us as we've expanded it.

The Chair: Could I just get a clarification from Ms. Martel's question? She indicated that not all regional agencies were offering the direct funding model. Is that correct, and why is it so?

Mr. McCarthy: I don't think it's entirely correct. I'll try to reply clearly here. We certainly have one regional office, the northern regional office, where there either isn't any uptake or any possibility of uptake because we don't have service providers available in the community to offer that service. There simply isn't the critical mass.

My understanding, absolutely, is that the direct funding option is available in every other region of the province and is offered to parents. Where the difficulty occurs, and I think where Ms. Martel may be commenting here, is that as parents on the wait list come to the first place in the wait list, they are offered a choice between direct service and direct funding. However, in all cases, one or the other of those options may not be immediately available. So while it's true that in some regions direct funding may not be immediately available as they achieve first place on the wait list, it's equally true that in some regions direct service isn't available as the first choice.

So it really does depend on how much money is allocated to direct funding versus direct service and at what point that particular parent achieves first place in the list. They are always offered the choice, but unfortunately in some cases, if their preferred option is one or the other, there may be an additional wait.

The Chair: Wouldn't the regional office be given X amount of dollars for IBI service?

Mr. McCarthy: Yes.

The Chair: If the first-in-line child for that service doesn't want to take the option that's available, do you not go to number two and say, "We have money for direct service"?

Mr. McCarthy: I'll try to be a bit clearer here. If we had allocated, for argument's sake, \$100,000 in region A to deliver IBI, and \$50,000 was allocated to direct funding and \$50,000 to direct service, all those options are completely subscribed because of the demand. When one of those options becomes available, a place becomes available, for example, on the direct service side, the first in line is offered that option. If that parent chooses direct funding and it remains fully subscribed, there will be an additional wait for the direct funding option to become available.

The Chair: Why do you put it in two envelopes? That doesn't make sense. All we want to do is get the kids—

Mr. McCarthy: If I can explain, the direct service option really involves base funding of transfer-payment organizations. These organizations, of course, hire people into positions. They provide space for IBI. They do training. They do recruitment. They provide the infrastructure to the system. The direct funding option, of course, is much more flexible; it has no responsibility for providing any of those details. The direct funding option is, in effect, a piecework option. So, Mr. Sterling, there really isn't the kind of flexibility to take the money out of the direct service option at will. Those organizations have base budgets and simply don't have the flexibility to give up money on short notice.

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Ms. Martel: Except, if the direct service wait list is full and the next parent on the list comes up, one of the only reasons a parent wouldn't accept direct funding is because there are additional costs that are not covered that they have to pay out of their own pocket. This was an issue we raised 15 months ago. I ask at this point what the ministry has done to deal with that, because there wouldn't be any parent who is next on the list who would turn down a space in direct funding if it were offered, if they could be assured that the psychological assessments would be covered—the costs for the psychologists and any of the resources that are already covered. So you could make those spaces available and every parent coming up next would grab a spot, provided some of those costs were covered. Right now you've got a twotier system because parents have to be able to pay out of their own pockets in order to make the choice about direct funding. That was an issue the auditor raised, and that's an issue we raised 15 months ago. What has the ministry done to deal with the ongoing discrepancy

between those two options for parents?

Ms. Wright: Let me talk a little bit, generally, about that, Ms. Martel. I think, as Terry touched on, the direct service option provides additional core kinds of services, and I think those are really important. In moving forward on policies related to autism, one of the aspects of it that I think is really important to discuss is—two parts, I guess. One is that we are increasingly aware, as the research develops on ASD, that this is a lifelong disability, that this is a disability that's about a full-age spectrum. One of the aspects that's important to look at is what the full continuum of services is that individuals with ASD are actually going to need over their lifetime. So I think the discussions on the funding model are equally important to link to the fact that we need to increasingly look at what a full continuum of services is for all individuals, youth and children who experience this particular disability. The context within the discussion on DSO and DFO-and I'll have Terry speak a bit more about thathas to be placed within the fact that we are increasingly needing to take a broader look in that sense on this particular program area.

Ms. Martel: Okay. That may be, but right now we're talking about a very specific program that has specific options for IBI. I'm not talking about any other service here. Even with respect to the provision of IBI, the reality is that last year there were 400 kids who qualified for IBI and were on a wait list, and \$2.7 million was not spent to respond. I cannot get that, okay? I cannot understand that. And it's not as if it was the first time it happened; it had happened every single year leading up to that. It was a focal point in the last report. The ministry can do what it wants on the full spectrum—great. I'm just trying to deal with a reality of \$2.7 million being rdiverted to child welfare at a time when 400 kids qualified and another 200 and some are waiting to be assessed. I can't understand this. I'll stop now, because I know the others want a rotation. Can I just get an answer to that, if there

is an answer?

The Chair: Sure.

Mr. McCarthy: The only answer I'd offer, Ms Martel, is that I guarantee it won't happen this year.

Ms. Wright: We appreciate your point deeply, and we have put in place the steps we need to to make sure it doesn't happen again.

The Chair: Mr. Zimmer.

Mr. Zimmer: To move to some general questions about administrative challenges, in your remarks on the penultimate page, "The ministry has taken several steps to ensure that management information systems provide sufficiently detailed," and then there's a paragraph or so about management information systems and IT issues.

It seems to me, or I have the sense, that as you're trying to work through these challenges, there must be huge information technology challenges and management information challenges. In the almost two years I've been on this committee, time and time again we hear from ministries—I suppose of the folks that we're dealing with, FRO was the most notorious in its challenges and difficulties—that the best planned initiatives and concepts got wrecked on the management information challenges and so on. I was particularly struck by an answer to one of the questions of Ms. Martel from Mr. McCarthy, where he used the expression "We don't have the flexibility to respond" to turning something around quickly. The nature of the question escapes me, but your answer was, "I'm sorry, but we don't have the flexibility to respond in a timely way."

Can you tell me what the general management information challenges are, number one? Number two, give me some specific examples of IT challenges that probably go a long way to address some of the concerns Ms. Martel raises. Thirdly, I'd like some information about your budget for IT management information systems and whether you have enough in the budget, whether you have enough technical advice in that area to make it all happen.

Ms Wright: Let me take this question from two perspectives. I'll talk a bit about the challenges we faced in putting in place with the service agencies BCFPI and CAFAS, two instruments that we think are just extremely important to be able to move forward on the auditor's recommendations. Then more specifically, I'll ask Terry to speak about the kinds of information systems we've put in place in terms of accountability with transfer payment agencies when we fund them.

I touched on this in my remarks. BCFPI is a terrific instrument for looking at intake and wait times, and CAFAS is an instrument that looks at assessment. We have been working over the last two years with Children's Mental Health Ontario and the Hospital for Sick Children to work with agencies to embed these instruments and collect the data from them.

The challenges we've run into, and to some extent they're the challenges that will be the same in the information systems Terry will talk about, are first and foremost that children's mental health is such a diverse field. It's diverse not only in the diagnosis, but the agen-

cies vary in size and sophistication in terms of their ability to use those sorts of instruments and their ability to use technology, so it's not a monolithic system. That has led to certain challenges on how the instruments get used.

Secondly, as I mentioned, the lack of a unique identifier in this field, as is true for many other fields where we try to do outcome measures, is a problem in terms of just knowing what the data really mean when we collect it

Thirdly, what we've found as we implemented it was that there was not a consistent use of definitions. For example, what is a "discharge"? It seems pretty simple, but when you're working with this many agencies, it turns out to be quite complex.

So this year—primarily, I'll deal with BCFPI—in working with CMHO, we've identified those challenges by putting in place better training for the staff who actually have to use the instruments. We've also simplified, if I can use my non-geeky term, the software so that it's more user-friendly, and we've put in place community of practices, which enables the agencies to come together. We believe that has addressed some of the challenges, but we also know that there are many more we have to address. We will address them as we move forward with the policy frameworks. We believe that the 2004 report provided baseline data, but we're not totally confident it's really good data. We are confident that the data will be better in the 2005 report that we bring in.

Those are the challenges we've tried to address as we move forward on the auditor's recommendations from the perspective of data collection on the program side and the outcome side. Perhaps I could ask Terry to speak specifically on more of the ministry's IT challenges with the sector in terms of collecting information on holding agencies accountable.

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Mr. McCarthy: The deputy has referred to the diversity of the sector, and I have to comment that the diversity couldn't be greater. We have very small organizations, sometimes with as few as two or three employees, and large organizations employing hundreds of staff doing very complicated clinical work. The difference in sophistication among those agencies is immense.

The main information system we work with is called SMIS. We depend on a somewhat old-fashioned reporting relationship to the ministry. Unfortunately, information that currently comes in from the field must be transposed in regional offices and that does account for a number of transposition errors, so we do have some challenges. We have plans in place to look forward to a day when we have automatic uploading to the SMIS database from our agency system, and that should take care of the transposition errors.

The deputy has mentioned that we've embarked on a rigorous training activity, particularly with our contract management and financial services staff in the regional office to ensure they have a clear understanding of the expectations and requirements respecting data from the field.

We've also done a fair bit of work to define data elements. The deputy mentioned that simply defining "discharge" is sometimes a bit of a challenge. We've provided clear definitions. We're now reasonably assured that we will have a consistent information base upon which to make management decisions and help formulate policy.

We've also revised the service description standards, and I know the auditor had some concerns. Many of those service descriptions hadn't been revised in 10 or 15 years. Beginning in 2006, this budget year, we will have refined those service descriptions and standardized them across the various programs so that we all understand

what programs we're working with.

Mr. Zimmer: Two follow-up questions: What portion of your overall budget would you estimate is going to get spent on IT management systems? The second question is that there's a certain optimism here that things are going to get better. Could I have some specific time frames on when you expect a number of these systems to be up and running in the sense that they're useful and are dealing with the challenges you're facing? Is that a year down the road, three years, four years or whatever? So money spent and some time frame for meeting these challenges.

Ms. Wright: I don't actually have those figures with me, but will get them for you, in terms of the percentage of the budget that the ministry currently spends on IT. I do know that we are aware of the need to increase our investment on the IT side, particularly in the program management division. Terry indicated that we had a somewhat, I think the phrase was, "old-fashioned" relationship. We are fully aware that we need to upgrade those systems, and we have been in discussions with finance on ways that we can do that. That will lead to not only better accountability but, I think, greater efficiency on our part with the agencies that we have and better use of looking at the data. So I will get you the information on the IT budget, and those are the contextual comments.

In terms of the systems that I spoke about, CAFAS and BCFPI, they are in place now, and as of next year, they will be required to be used by all of the agencies that we fund, that we have licensed agreements with. My own view on this is that the use of those instruments is trulyit's a bit of cliché, but I'm going to use it-a continuous improvement process, that when you are looking at using those sorts of instruments, you need to both continually improve the instrument and improve the process of what the data is and the analysis of the data you're getting. There probably isn't a drop-dead deadline as to when they'll be perfect. They will be implemented next year, and then we will continue to work with CMHO and the Hospital for Sick Kids to make sure that that data is as solid and valid as we can make it. Just to repeat myself a bit, the policy framework that we're working on will enable us to take that information and use it much more effectively in terms of determining outcomes and standard program assessment tools.

Mr. Zimmer: Just one last question: Is it a big challenge? You've got your province of Ontario IT manage-

ment systems and so on. What's the plan for linking in or hooking up with all of the other stakeholders not, in the close sense of the word, a part of the provincial system? How are you going to hook up with their management information systems, IT stuff and all of that?

Ms. Wright: Are you referring to the agencies that we

fund, or are you referring broader than that?

Mr. Zimmer: The agencies that you fund and broader than that. All of these stakeholders have got to be using the same script, if you will, the same computer script, to make the system work.

Mr. McCarthy: I'd like to be definitive; unfortunately, I can't be definitive. What I can do is give you a good example of some of the work that we're doing. In the north, for example, we've realized for quite some time that we've had a very good service system model that includes an IT infrastructure in the ISNC program, and we've made a decision to use that as a template to move that system into the urban areas of the north. One of the pieces of that will be to devise a centralized information management system together with a software package that will allow us, in the regional offices and corporately, to link in directly. We have to realize that while at one point in time we may be able to expect transfer payment organizations through which we deliver the vast majority of our services to be on the same database as we are, that doesn't exist right now. But the opportunity is nonetheless there if we can get our systems talking to one another. I think we have, largely speaking, agreement in the field that we need to move there.

The Chair: Mrs. Sandals, about five minutes, and then we'll rotate.

Mrs. Liz Sandals (Guelph-Wellington): Actually, David's introduction is good for where I want to go, because you're looking at consistent information technology and I'm interested in the policy framework and the actual service. How are we progressing with coming up with consistent expectations around actual service delivery and also the services that are available in different communities? My sense, anecdotally, is that as you move from community to community, the menu of services that's available in different communities is quite dependent on which agencies somebody happened to set up, so that you can go to one agency and there's a group of people that is focused on delivering one service. You go to another community and somebody delivers a different service. In fact, the menu of services available around the province has no consistency. We don't seem to have a handle on which services have which waiting lists, who does a good job and who does a lesser job. How are you proceeding with that whole area of getting a handle on who's waiting for what, what's actually available and does it work? I'm not sure we can handle all that in five minutes. That's actually the whole work of the-1030

Ms. Wright: Actually I'll talk in more detail about the policy framework, because I think it's an important part of the answer to your question. There is absolutely no doubt that in the consultation, while we did the policy

framework, we heard this issue raised again and again. As well as hearing again and again from the sector, we really want to have more collaboration and integration at the local level. You recognize, as you said, that we have such a diverse set of stakeholders and agencies here, that that's a complex conversation to have, but it was a very important part of that.

In terms of the policy framework itself, one of the objectives we've set for it is—and Trinela can talk about this in more detail—we want to begin to identify across the full spectrum what an appropriate continuum of service for mental health services would be and to begin to group them, for lack of a better word, in levels of care from the prevention side to the acute side, so that we can start to pull the services together in a levels-of-care manner. That will then enable us to engage in a conversation with the sector specifically about the question you've put on the table: What is a reasonable range of services for your community? That's an extraordinarily important conversation to have on the very question of how we monitor what the program services are and how we evaluate those.

The evaluation on the new funding that CHEO is doing for us, which I referenced in my opening remarks, is an evaluation just on the new program funding, but still I think it's a very significant step. Part of the first phase of that evaluation will be for them to take a look at what services are being funded, who's being served by them and what's the profile being served by them. The second phase will actually be to attempt to push that evaluation to some kind of effectiveness outcome evaluation. But I think that first step will form a model for how we can do this in other areas as well.

Trinela, I don't know if there's anything you want to add.

Ms. Trinela Cane: Perhaps I could just comment to your multi-faceted question. I'd like to take a little bit of a step back. The policy framework is going to play a very important role for us.

To your point around the complexity, the multiplicity of services, the differences in services across the province, I would like to comment that as part of our 2004 budget exercise, one of the pieces that Judith mentioned was the development of community planning tables for children and youth mental health. The reason I raise that is because it was at those tables where we brought people from different sectors and different disciplines together for the first time in a very long time to talk about children's mental health as a group.

Part of the focus of the actual fund was to bring people to a local consensus on the service gaps that they were facing, the service demands with respect to their various waiting lists and demands for specific types of services. In the plans, which were developed in very short order, within about a month's time, what we had across the province was both a local sense of what the issues were, what services were available and how groups could come together in a much more integrated way to decide on the types of services needed and how best to provide them. I

have to signal that, because it's been a very different approach in the province. But it does signal the gaps in service. The fund has gone some considerable distance to address them. There is much distance to go, but I think, in terms of the framework that was laid with the planning tables, the local plans that began to identify the inventory of services available and not available, we'd like to use that as we move forward.

The other signal we got very clearly at the planning tables was the absence of a provincial policy framework. Certainly one of the first things I heard in my portfolio was about the need for a framework, a set of core principles and values, but for much more than that. I think the deputy alluded to some of the other elements we're going to have to put forward in our policy framework which really deal with not just establishing a set of core services, because people have asked for a set of core services—but our extensive consultations throughout the fall related to the framework have in fact shown that that will not be sufficient. We need to identify a different structure and approach to the way we provide mental health services, the way we identify the key functions that need to be performed, from the prevention side, as the deputy mentioned, through to intake and assessment, right through to various interventions that are both acute interventions, episodic interventions and ongoing support for children who are going to be in need for the majority of their lives.

It's quite a complex issue. We hope that the policy framework, with a delineation of levels of care, will actually provide us the opportunity not only to design a service system that is able to deal with the complexity of need, but will also allow us to begin to develop service standards in each of those levels of care as we move forward. I apologize for a long-winded answer, but it is a complex issue.

Mrs. Sandals: It's a very complex issue, and thank you. It sounds to me like we are beginning to make progress. Maybe one of my colleagues, when they get a chance, can follow up with some information about how that ties into the new funding that has gone into the sector in terms of programming. Thank you.

The Chair: Mrs. Munro.

Mrs. Julia Munro (York North): I appreciate you coming here today, because children's mental health is certainly an issue that I think all MPPs have occasion to deal with in their ridings. It's something that all of us share in that regard.

As it happens, I'd like to continue the conversation on the policy framework, because clearly, from what you have provided us with as a committee and in the auditor's findings, this seems to be the centrepiece upon which planning will be done.

There are a number of questions that fall out from this that you have described. First of all is the fact that in your information you've set yourselves a deadline of spring 2006. So I guess my first question would be, are you on time?

Ms. Wright: For release of the policy framework? Yes, we are on time. That is a next step. With the release

of the policy framework, we will then have to engage and want to engage with the sector on how we move forward with that policy framework, how we go about implementing some of the broad strokes that we've outlined here. But we are on track for releasing the policy framework in the spring.

Mrs. Munro: I can imagine that there's significant anticipation within the sector to see some of the details, and I'm not different in that I would like to have from you today sort of a peek at the direction in which you're going. I would like to come at it from the perspective of the hypothetical agency that exists. What can they expect to see coming from the development of this policy framework?

Ms. Wright: It would be a pleasure to talk about that. Thank you very much for the question. Just in terms of the question of peeking into this, I want to reiterate that this is a policy we have worked very closely on with Children's Mental Health Ontario and in conversation with the sector. So much of what we have here we put together with them. It reflects a lengthy, year-long conversation which culminated in a summit in the fall with representatives from children's mental health agencies to work through some of the aspects of this.

In terms of more details about what is being proposed, I will just ask Trinela to speak to that, if that's okay with

Ms. Cane: Thank you very much for the question. Perhaps I could give you a little bit of a sneak peek also at the results of the consultations, which are actually going to inform our policy framework. I should also comment that we are in the process of drafting the policy framework as we speak. It's still in fairly early stages. We will be engaging the expertise of clinical experts, sector experts and our broader stakeholder group as we move forward—much more of an engagement.

The comment I will make about the policy framework development—there are some who may say, "Why has that taken so long?" We actually developed a very intensive approach to engagement. It's one thing to develop a policy framework in the dark; it's quite another to actually engage in discussions, as we did, with over 300 individuals. We've received over 30 submissions related to our policy framework in all parts of the province, so it's actually been quite an intensive exercise.

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From a sneak-peak point of view, I'd like to highlight a few of themes, if I may, that came up in our consultations. All of them in some way need to find their way either into the policy framework or into the strategies that will support the implementation of the framework. Some of them will not be a surprise to you. We heard in great detail about the need for adequate funding in our sector and the need for resources to be available in a timely way for children. We heard a considerable amount about wait lists and wait times for services, about the need for more prevention at the front end of the system, as well as a much more intensive focus on the very specialized services that children most in need also require.

At the same time, we heard a great deal about human resources in the children and youth mental health sector—the issue around recruitment and retention of staff, around salaries, which will not come as a surprise to you—not only moving a sector toward a new policy framework but beginning to address some of these very foundational issues.

One thing that came out very loud and clear is that there isn't really common knowledge of evidence-based practices across the sector. By saying this, I don't mean that individual programs aren't working, with a research base and working on what they know will work with various children, but that across the province there's actually quite a bit of an inconsistent approach. In part, the centre of excellence at CHEO will help us with some of this, but I think as we begin to articulate the policy framework—and let me get to what it might mean in terms of that—we need to describe what our vision is for children and youth mental health. I assure you it can't be a status quo vision, because I think we heard loud and clear that the status quo does not go far enough or fast enough.

On the other hand, what we also heard is that there isn't a clear enough delineation of what people should be doing, what types of evidence-based programs they should be providing, what specialized supports and interventions should be provided for various types of issues that children are facing. One of the most widespread comments relates to the fact that we're not dealing with one mental health disorder per child; we are dealing with multiple and often concurrent mental health problems that transcend not just the children's mental health system but also Ministry of Health and other programs.

What came out of the consultations, as you will hear from what I'm saying, is a tremendous amount of complexity. As we begin to look at our framework and what we need to do, it's not enough, as other jurisdictions have done, to lay out the key areas of priority and focus. We are going to have to not only describe where we're headed as a system and how we're going to get there, but also delineate very clearly what we mean by levels of care, what types of functions are going to be provided in each level of care and how we mobilize the community system from an agency perspective to not only understand where they fit into that framework but what role they'll be playing for the future.

Mrs. Munro: Thank you. You touched on something that I would like to hear more about in terms of what you see as future steps, and that is the fact that because we all recognize the complexity of the spectrum of children's mental health, there are obviously, as has been referenced, the areas from prevention to significant acuity. How do you envision being able to provide what I believe this framework should do, i.e., support agencies? How are you going to look at even the differences in size of agencies? And by size, that implicates, obviously, staffing, levels of expertise and things like that. I think it's important for us to feel that those kinds of issues are being addressed in developing something as ambitious as this framework appears to be.

Ms. Wright: I think you've raised a really important issue in terms of how we proceed on the implementation of this framework. Part of the guiding principle in this is that it has a base assumption that's been developed, or a consensus, if I could use that word, amongst the stakeholders that there are a number of guiding principles that will be important as we move forward.

One of them is what you're touching on, which is that we will have a continuum of services in communities. That's not the same as having one agency in a community; that's actually recognizing that communities have different needs and agencies have different roles. But in having a continuum of services, it's really important that we have a collaborative, community-based planning process so that those services are in place.

Secondly, I think a guiding principle is that these services should meet the needs of children and youth, and part of the work that I've talked about before in terms of measuring outcomes and looking at service gaps is actually to also address that issue.

Thirdly, we need to move forward on evidence-based practices. So just to answer your question, when we look at what it means to an agency, we hope that a policy framework will help agencies develop their own expertise on evidence-based practices, and we hope that, as a community of mental health agencies, that will happen as well. I believe Trinela spoke to the importance of having a collaborative approach.

Those have been a set of guiding principles in the discussions with the agencies and the sector, and I think it will get reflected in the vision and the principles that the framework will put forward.

Mrs. Munro: When you mention the continuum, does that mean you envisage more agencies, fewer agencies or the same?

Ms. Wright: I think it's premature to answer a quantitative question. There's no doubt that everybody agrees there needs to be more collaboration and more coordination. So I think it's important to say that what we are talking about here is the system coming together in a reasonable way that meets the needs of children and youth.

The mental health system, you know as well as I, has grown up in a certain way and has lots of strengths from having the large number of agencies that it has. It also has some weaknesses, which are the questions of coordination and how you access the system. We've met with many parents, and I'm sure everybody at this table has as well, who are frustrated at times at trying to find the right entry point into the system. We believe that a combination of the initiatives we have started as a result of your reports, as well as the policy framework, will help resolve those issues as we move forward.

Mrs. Munro: I had another question that relates to that in terms of what kind of—and I realize this is beyond writing the framework; this is really in the area of implementation. Obviously, when you write the policy framework, you know the next step is implementation.

The question of staff training and the kinds of expertise, particularly going back to your issue around a con-

tinuum—I think no one would disagree that a continuum is an ideal, but obviously there are some challenges, and it seems to me that one of those would be around the issue of staff and potential staff training. Even the question of the standardized terminology that you've referred to obviously implies that. So I would like you to give us a sense of where you think the responsibility lies. To what extent is a regional office going to play a role, and to what extent would individual agencies do that?

Ms. Wright: I'll ask Trinela to speak in more detail about what came out of this in the consultation, because it was a really significant part of the consultation and certainly one that the service providers raised.

The specifics of who is responsible—I think this is very much a joint responsibility. I think it is up to agencies to know what training they need to deliver their services best. It's equally up to the ministry to provide some global training and some global standards on what we think appropriate human resource needs are. So I would say this is one we definitely share in terms of responsibility. But I'll ask Trinela to talk about what came out of the consultation, because it was quite rich, actually.

Ms. Cane: Also, Mrs. Munro, to your question related to implementation, I want to be clear: In terms of the policy framework, by itself it doesn't answer every question related to children and youth mental health, as you can appreciate. I think when we're dealing with a set of organizations—250 various agencies—pertaining to your earlier question about whether there will be a shrinking footprint, etc., I think I just want to be on the record as having said that we're trying to build on the strengths of the existing system. I think people engaged with us as part of the consultation process in good faith, that we are actually wanting to set a bolder vision for Ontario and that, in fact, there is a significant understanding that, to some extent, the sector has some entrenchment and that there is a need to move forward. We're trying to build at least on the positive spirit that comes from that, and part and parcel with the implementation will actually be a very significant staging that will need to take place over time. Once the policy framework provides the guideposts, essentially we'll actually have a very significant multi-year plan related to it that we'll have to roll out over time.

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In terms of the actual human resources aspect of this and the training component, the deputy is absolutely right that there are a variety of roles and responsibilities. I think it's up to us as a ministry to play a leadership role in both setting the frame, through the policy framework, but also understanding that based on a continuum of services and key functions that need to be performed and levels of care that will be inherent in that is really to identify what competencies are required for the people performing a number of services. Based on the evidence that we know best, what works and what training is required for folks to deliver the types of services that work are going to be very key components. What I will

say is that the centre of excellence at CHEO has already undertaken quite a number of consultation sessions, both professional and clinical consultation, with key staff across the province in the various agencies, but also as part of best practices sharing.

I think we're starting, not from a position of understanding completely what standardization in competencies and training we require, but what the best practices are that are emerging. I think there will be a varied role to be played. The centre of excellence, over the period of years, will play an important role in supporting, training and competency development. We have a big piece of work, I would tell you, to do with colleges and universities, both in terms of the curricula that are being proposed and currently in place, which may not go far enough for what we need to deliver in terms of children and youth mental health for the future, and also a very strong piece of work with staff on the ground.

Staff played a major role in our consultations and have also indicated the need to be trained by their agencies in the context of what they should be doing. I think regional offices will be monitoring that and providing the actual centralized training per region where they feel it's necessary. Coming out of the planning tables, people locally expressed a need to have multi-disciplinary sessions and training so that they can begin to think beyond their own individual bailiwick, so to speak, to the broader children's mental health sector. That's a little bit of a variety of responses, but I think it is something that will have to be addressed.

Mrs. Munro: Do I have any more time?

The Chair: You've used up 17 to 18 minutes or so. I think we'll go to Ms. Martel.

Mrs. Munro: Okay, I'll save it.

Ms. Martel: I wanted focus on the information that you gave us dated January 2006, the ministry's response to the auditor's report on the special audit. I just have a couple of questions: The auditor—I'll wait until you find your copies.

Ms. Wright: That's all right. Thank you.

Ms. Martel: Deputy, if you've got one copy there, I'll start. You're going to have to share. Let me go to number 5 first. This is not in any order of priority; just let me state that at the outset. The auditor, in point number 5, recommended that the ministry "Formally assess the relative advantages and disadvantages of the direct service and direct funding options and determine whether the current mix of selected options provided facilitates the delivery of services to the largest number of children." This certainly went back to the concerns about the different levels of funding and how many kids could be serviced because it was so much more expensive, from the information that we had, to provide a direct service option. I'd like to know where the ministry is on that. I'm not asking about a centre-based service delivery model; I see the answer to that. I didn't see any answer, though, with respect to that recommendation by the auditor.

Ms. Cane: Perhaps I can comment on a couple of aspects. As part of our commitment in response to the

Auditor General, we indicated that we were undertaking what I will call the costing project, because one of the questions that was raised, as you will recall, in the last audit was related to the differential costs of DFO and DSO. This is something that was clearly brought to our attention, not only as part of our report but in conversations with both our service providers and parents that we have discussions with, and that will be of no surprise to anyone.

This is our first effort in examining the key differences between DFO and DSO. I should stress that this will inform what decisions we make in the future as to how we move forward. We actually undertook what we call an activity-based costing exercise, which has been a very laborious process. I'll talk briefly about the process and what we expect to come out of it.

We started with the three service providers that the Auditor General's report covered, in part because they had the best available data and they had it at the ready. What we undertook to do, working with our service providers, was take the individual functions provided by the service providers completely apart. Currently, the service provider budgets are really bundled in a fairly global way. What we identified for each of DFO and DSO was the key service components that are performed. They're things like intake, assessment, IBI as an entity itself, parent supports etc. What we did was identify all those key components, and then we attempted to map. Using the Canadian Institute of Chartered Accountants' approach to this type of methodology for this type of approach, we actually tried to do unit-based costing for each of these activities. We identified, with respect to DFO and DSO, the base costs for providing that discrete service in the absence of program administration and other things.

What we found, I think as we reported in the estimates process previously, was that the cost per hour for DSO is in the range of about \$36 per hour—these are preliminary types of analyses that have been done—and DFO is in the range of \$33 an hour—fairly close hour by hour. But as you can appreciate, as we move forward across the province, these are just three key areas, largely in the GTA. We want to not only update the figures we used, which were from 2003-04 and may not represent the accurate truth as we stand today, but we want to extend it to our other six agencies that are also providing the service by way of creating not only an activity-based costing approach, but a way of actually fairly comparing apples and apples, not only the costs of the programs but as we overlay our evaluation results on the benefits of the program.

We're in fairly preliminary stages there. We have made a decision that for the foreseeable future, of course, we'll continue to offer DFO and DSO, but I think as we move forward with building the continuum and determining next steps, there will have to be some decisions about how to standardize the approach to DFO and DSO to ensure that the best possible services are available for children.

Ms. Martel: As part of that analysis, is the ministry considering that it may have to top up or would consider topping up those parents who choose the DFO option so that they are on a par with those people who accept a DSO?

Ms. Cane: I think that will have to be a consideration, Ms. Martel.

Ms. Martel: Do you have an idea of the costing of that differential?

Ms. Cane: I don't at this time, and I wouldn't want to hazard a guess.

Ms. Martel: But you've undertaken a commitment that this will be looked at, because clearly those parents have a disadvantage, and that can be significant if they're paying two, three and four years—very significant.

Ms. Cane: Absolutely, and we understand that.

Ms. Martel: The second question has to do with the recommendation that was made by the auditor, again in section 5, and this is on page 5 of 8: "Regularly receive and assess the extent of lost service hours for each service provider, take the minimum necessary corrective action to minimize lost hours, and reassess its practice of allowing service providers to retain funding for undelivered service hours under the direct service model."

My questions here are, what regular data/information is the ministry now receiving, I hope from each of the providers, about lost service hours? I see what you've written down in terms of the discussions you've had with providers about how to minimize that. What I'm more interested in is, are you getting the data, what are they showing you? Because the auditor's report, at least in a snapshot of one month, showed 33 or 38 kids lost about 4.4 hours of service a week. That's huge if we expand that over a service period.

In view of the numbers, and I hope you have them, is the ministry considering moving to a very formal policy that says hours will be made up? You fund the agencies through direct service. They have the money to pay for that being provided. If it is not being provided, especially in the case where it's the agency's fault, then I really think the ministry should be moving to a policy that says, "That has to be made up. You got paid for it. Now you have to provide the service." I don't think that has been happening.

Ms. Cane: Perhaps I'll start, and if my colleague cares to provide any additional information—as we noted in our response, we've actually had very considerable discussions with our service providers about this issue. We've had a number of different meetings where we actually developed a series of strategies, as you will note from the response, that should be employed as part of good management practice across Ontario in our nine service providers. I know Ms. Martel's question is not related to centre-based care, but I think what some service providers are identifying in the plan of care is that for individual children in their care, there is an opportunity in some instances to move to much more of a centre-based approach.

This brings a number of advantages from a lost hours point of view, one of which is that there are a number of staff who will actually know the child and who have worked with the child on a daily basis. This is a very important issue, because change can be extremely disruptive. So if there is staff absenteeism, which there often is, this actually serves to mitigate it somewhat.

In the case of one-on-one IBI often taking place in the child's home, the agencies have looked at a number of strategies, beyond what I'd consider a normal management practice of employee wellness programs and those types of things, to actually look at having floaters available who can come in and perhaps know the child. That is difficult at the best of times.

I think the fundamental question raised by the member really relates to whether people are allowed to bank lost hours. We have not changed our policy in that regard at this time. As we are looking at moving ahead and a more standardized approach across nine regions, this may be something we will be looking at. Particularly, our principle would be that where it is through no fault of the parent or child that service hours are lost, we would do our level best to ensure that if it's possible, time can be made up.

The other comment I would make related to lost service hours is that each agency has been asked to track their lost service hours. At this time, I don't have a provincial report available, but I understand our program supervisors work with the agencies to discuss these issues.

Ms. Martel: So the agencies have been asked to track that. Is the ministry getting that information, just to be clear? Are you regularly receiving that information?

Mr. McCarthy: We're not regularly receiving it, but we could get it.

Ms. Martel: Okay, because the auditor's recommendation was that you do regularly receive it, so I'm wondering when that's going to happen.

The second thing—I've got to be honest—that I'm really concerned and unhappy about is that this was raised in the special audit. It was raised in the public hearing we had. At the time, I gave two really concrete examples of parents who had written to me to talk about their lost service hours. In one case, a family from London, the Bouffords: By the time their son got arbitrarily cut off at age six, he had lost over 560 hours of service that was never made up and never accounted for, even though the agency got paid, because it was a direct service contract. There was a second case of a father who was estimating that—I don't remember all the details, so I apologize for this one—significant hours were lost in the case of his son.

These were raised very specifically. Deputy, I appreciate that you weren't here at the time. These were raised as really significant issues that I had really hoped the ministry would get their head around, partly because of the numbers involved, what it would have meant for those kids to actually have the numbers, and more importantly because the agencies got paid to provide these

hours—and they didn't deliver. You don't claw that money back, and I understand the reason for that, because there's a structure. But for goodness' sake, the ministry and the public are getting ripped off royally with these numbers of hours of service that are lost, not to mention what has happened to the kids who need those hours.

I have got to tell you, I'm really distressed to hear today that 15 months later the ministry is still considering this, when I think you should have moved very clearly to have a policy that said to service providers—not the parents; that's another issue—"When the fault is yours because your staff weren't there, you make up the hours. They're banked. You make them up. We've paid for that." I don't understand why you haven't moved to that process. I'm worried to hear you say, "As we develop policy, we may get there," because that sounds like another 15 months before we get a decision in this regard.

Ms. Wright: Thank you, Ms. Martel, for raising this. As Terry said, we will look at getting that information. I think this is a particularly important issue, given the lifting of the age parameters. I think it does make the issue even more important, that we look at getting a definition on what the lost hours would be that doesn't, as you yourself said, penalize parents and puts in place some reasonable guidelines for the agencies. Thank you for your point. We will move on it.

Ms. Martel: So you've committed to-

Ms. Wright: We'll get back to this. I think Terry's point is that we'll look at what the hours look like. We will look at how, as we work with the service providers, we can move forward on defining lost hours in a way that is reasonable for them and is a reasonably accountable process. As you yourself say, sometimes these things aren't totally manageable, but where they are, you are correct, we should be looking at how we can make that well managed.

Ms. Martel: I wanted to ask a question on page 1. This went back to a recommendation by the auditor that the ministry "should consider having a direct contractual agreement with each agency that provides services" under IEIP. Your status was that you had had discussions and, based on those discussions, you're going to continue to use subcontracting and consider other things. I'd like to know what specific financial analysis the ministry did to make an assessment about the effectiveness to arrive at a decision where you were going to continue with subcontracting.

Ms. Wright: I'll ask Terry if he could address this.

Mr. McCarthy: I can't speak specifically to the exact financial analysis. I can speak a little bit more generally to why we made the decision to continue with subcontracting. We've tried to be sensitive to the need for local delivery agents. As you know, the regional provider is in a situation of providing the overall direction for the program and the training and the administrative link with the ministry's regional office.

Subcontractors are largely located out of county. They are trained and equally able to provide the service. What

we've tried to do is ensure that the accountability relationship between the primary service provider and the subcontractors is clarified so there is a clearer line of accountability. We hold the regional service provider ultimately accountable for the quality and quantity of service, and they have clear obligations with respect to the subcontractors to deliver on those local delivery options.

Ms. Martel: In terms of that accountability, part of what led to this was that it appeared that some of the lead agencies had no clue what was being offered in terms of service etc. I'd like some reassurance that those issues that the auditor identified, where the main providers had no clue what was going on, have now been addressed in terms of service hours, what's being provided, costing etc.

Mr. McCarthy: There is a clear expectation that there is a reporting relationship between the subcontractors and the main service provider, so we should be able to get all that information through the regional service providers now.

Ms. Martel: Are you asking for that kind of information just as a check, as a monitor on any kind of basis?

Mr. McCarthy: Our program supervisors are looking at it, yes.

Ms. Martel: Can I ask what they're looking at, what they're requesting from time to time as a check?

Mr. McCarthy: I could get back to you specifically with that.

Ms. Martel: Yes, I'd appreciate that information.

This goes back to your costing analysis project. It was point number 4: "Where the costs of similar services vary significantly over time within or between individual service providers, the ministry ... should determine the reasons for such variances." I appreciate that you're trying to arrive at a costing model. There were variances, if I recall, within a provider in terms of really significant changes in costing both for DFO and DSO within a region from one year to the next and between regions from one year to the next. You've partially answered where you're trying to go on the costing model but in terms of that particular problem, what is it in the costing analysis that's going to get at those real variances?

Ms. Cane: I think our hope, as part of the costing analysis—and once it's extrapolated across all of the nine service providers, we'll get a very good sense from an apples-to-apples point of view just what the costs are, and it allows us some analytical opportunity for identifying where the variances are and why. We do know that across regions and even sometimes within regions there are cost variances in terms of supply and demand in terms of the service providers. Even the individual service providers in the nine locations, for example, have different salary grids that really speak more about their own local situation. So there are a number of variables that I think come into play.

At this point in time, what we've found across the agencies that we've looked at is that there is variability. We're just beginning the analysis related to that, but we

do need further information across the province to understand just how different the costs are for each type and unit of service provided and to do some analysis in that regard. So we're at a very preliminary stage.

Ms. Martel: Do you have a sense of when that's going to be further along and you'll be able to make some of the decisions about what the program looks like?

Ms. Cane: As I mentioned, we've developed and tested the costing model and actually administered what I'd call the costing templates to come up with the unit cost for services in the three providers that I mentioned. We're fine-tuning the tool, because it did need some amendments based on the feedback we got and we're beginning to roll it out in the next month or so, in very short order. The service providers have already been notified that we will be moving forward, and I expect that within the next four to six months we will have some very definitive responses.

Ms. Martel: One of the commitments you made during the course of the public hearings around this, the day that we had the public hearing, was that there was an overall evaluation of the program being done. I see that you've engaged the services of Dr. Perry "to conduct an analysis of the historical information." I'd like a clearer idea of what she's been asked to do, and I'd like to know how parents are going to be involved in that process.

Ms. Cane: As you indicate, Dr. Perry has been contracted by the ministry to undertake what we're calling a retrospective review. This is actually similar to work that was done for Surrey Place Centre, which identified 89 children for whom we had entry data, clinical data on an ongoing basis and discharge-related data pertaining to those cases. Surrey Place Centre, with Dr. Perry's help, did a very extensive evaluation of the outcomes of the program from a child and clinical perspective, and that included discussions with parents.

In the case of the remainder of our nine service providers, Dr. Perry is currently sampling about 400 cases across the province. The data collection has already begun, and we're identifying cases for whom we have the relevant data; in other words, the intake information, the clinical reports on an ongoing basis and, where it's appropriate, the discharge or transition data in cases where that has happened. I'm not clear, though, on how parents are being involved, but I'd be happy to find that out.

Ms. Martel: I'd appreciate that because if it's an evaluation of the program and how effective it is, it's effective from two points: your clinical outcomes and from the parents' perspective and what they got out of it or didn't get out of it.

Ms. Cane: I'm not sure what approach is being taken with parents, but I do know that from an outcome point of view, we're looking at both the improvement made and what the factors related to that improvement may have been, as well as the impact on parents and families in terms of stress and burdens. Those are things that are being looked at. I'm just not clear on the details with respect to how she will approach parents, but I'd be happy to get that.

Ms. Martel: I would appreciate getting that information. That would be very useful.

The Chair: I'll go now to Mr. Patten.

Mr. Richard Patten (Ottawa Centre): Welcome to you all. Congratulations, Deputy Wright. That is an ominous responsibility with the title—that name.

Ms. Wright: No name jokes, please.

Mr. Patten: I have two areas I would like to ask, and two of my colleagues also have other questions, so I'll try and be as quick as I can.

One area is research. The first thing I want to do, though, is ask a quick question and get a quick response. The services seem to be split up between some different ministries. For example, there are services for counselling and services for treatment within the educational system, within the hospital system. That's separate from the budget we're talking about here in terms of what you have, but there must be some interrelationship, it seems to me, because part of the ministry's—and I recognize it's a new ministry. As an advocacy ministry, you must be looking at how that interrelates. A lot of parents will say that they're having to knock on too many doors in order to find or discover some of the services. Is my assessment on that positioning correct?

Ms. Wright: It is correct. I think for the first time—I could be incorrect on this—when we did the community planning tables for allocation of the new \$25 million growing to \$38 million, we involved representatives from education and health at those tables, so there was a full, broad spectrum of those.

I will say, in terms of the creation of the ministry, that the strengthening of relationships with education and health from a ministry perspective is one of my priorities since I've arrived. We do need to put some organizational locus in place to make that happen more effectively. As we've been putting the ministry together, it's one of the things we have to strengthen.

Mr. Patten: Given your role as an advocacy ministry, let me posit a general assumption. You may have the data already, but my recollection is that there's been a dramatic increase in requirements for children's mental health services in a variety of areas, some that require far more clinical attention than others, some that are permanent, some that are not. I notice much of the research you have and connections you have with other institutions such as the Ontario mental health organizations, CHEO and Sick Kids is on policy frameworks, best delivery systems and those kinds of things; the means by which we, after the fact—I believe I'm correct in saying part of your role is looking at prevention. But I have to ask you the question: Do you have any good statistics on, first of all, the growth in the area of mental health requirements for children and a breakdown in some of the areas?

I know autism is just going out of sight. It's kind of scary, which leads me to believe that somebody has got to be taking a look at what is the root of all this. Our systems, as you well know, medically and otherwise, tend to be after-the-fact and treatment-oriented rather

than, "Let's take a look at those kinds of trends." What's your position related to that?

Ms. Wright: We do have good data in varying places and areas, so we don't have a good overview data collection of all children's mental health prevalence data or necessarily case-specific data either. It is an area that we think is really important. We have established a new branch within the ministry, the focus of which will be to put some concerted energy and resources into a better statistical and data analysis of the children's mental health system, but we have a ways to go on that.

In terms of measuring the prevention side, it's a bit of a challenge. It's measuring something that doesn't happen. We do have an understanding of some of the key factors that are really important to preventing kids from getting lost, falling between the cracks. In research on youth at risk and students at risk, we have some really good understanding of what kinds of programs and services those kids need to be successful. We have put in place, through the Best Start program—I think I referenced it in my opening remarks—some early speech and language programs, as well as a proposal to have an 18month well baby checkup, which will enable family physicians and parents to do a standard assessment of the developmental stage of a child and whether or not the child is at the appropriate stage. We're in the process of looking at something called the Nipissing scale, which was developed in North Bay, to help parents and family physicians do that. When that gets fully implemented, along with Healthy Babies, Healthy Children, which is newborn screening, I think it will go a long way to addressing some of the early intervention component of it.

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Mr. Patten: That begs the question that there should be some relationship, it seems to me, with the Ministry of Health Promotion. I don't see research on the fundamental basis of why it is—there seem to be some indicators, even at childbirth, that suggest things like contamination of food, air, pesticides and all kinds of things. I don't know why we're all afraid to look at it, but I don't see it being looked at and incorporated on the preventive side of things. Be that as it may, I would encourage the ministry to promote that area of exploration.

Ms. Wright: If I could just speak very specifically to autism, we have, with the Ministry of Training, Colleges and Universities, endowed a chair of autism at the University of Western Ontario. Part of it is to be able to start investing in some of the important research work that is being done on ASD. ASD is a very emerging and volatile area in terms of research, and some of the questions you have raised are extremely important in terms of the growth we have seen in children experiencing ASD.

Mr. Patten: I have another question, but I'll defer to one of my colleagues. If there's more time, I'll come back to it.

Mr. Bill Mauro (Thunder Bay-Atikokan): Before I begin my questions, I just want to mention that pro-

cedurally we need to deal with a member being appointed to the subcommittee before we adjourn today.

Thank you for being here today. I want to get a clear indication that, on the \$2.7 million that was transferred to other child welfare work, it's the position of your ministry that that occurred because there were not enough health care professionals to deliver the service. Is that what you said?

Ms. Cane: No. Just to clarify a point made by my colleague, the \$2.7 million that remained as an under-expenditure last year was in part related to the ability to ramp up appropriate programs and services—I know Ms. Martel has raised the question of DFO and whether that would have been a possibility. I should reference that this under-expenditure came in the context of an additional \$10 million that had been put into our programs last year and was left on the table at the end of the year. But as you know, in a ministry with many competing priorities, which we've talked about, child welfare is a mandated program dealing, as we know, with our vulnerable children, and the ministry was in a position to have to make a decision around using the available funds from the autism budget to offset the legislated program.

Mr. Mauro: So it would be more accurate for me to say that you were given \$10 million extra and you didn't have an opportunity to create the capacity to spend it all. Is that a more accurate characterization?

Ms. Cane: We made our best efforts in that area, but we were unable to, and there are a number of reasons that relate to that.

Mr. Mauro: So the \$2.7 million that was left unspent actually indicates that \$7.3 million more was spent.

Ms. Cane: Yes.

Mr. Mauro: Okay. I want to talk a little bit about the direct funding model. The suggestion is that parents who choose that method of service provision would be responsible for the assessment or some costs that are not funded through the direct service provision, right? That's what you've been saying?

Ms. Cane: Yes.

Mr. Mauro: Can you explain to me why that's the case?

Ms Wright: Terry, could I ask you to speak to the direct funding model?

Mr. Mauro: Just on the pieces of it that are not funded. Why would a parent have to pay for some costs that are otherwise paid for under the direct service piece?

Mr. McCarthy: In principle, and probably in an ideal world, that wouldn't happen. I don't believe the policy intent was to disincent parents from choosing the direct funding model. I believe Trinela has talked to us a little bit about the costing analysis to try to get a better understanding of the relationship between the pure costs of care delivered through the direct funding model versus the direct service option.

There was a belief—I think a fairly broadly held belief—that the direct service option was extremely expensive by comparison. I think the initial reports coming back, after detailed study of the three service providers

that were involved in the last audit, tell us that the differential, when a direct comparison is made, is less than what might otherwise have been the case. Trinela referenced \$33 per hour for the direct funding option versus \$36 an hour for the direct service option, comparing an hour of comparable service for an hour of comparable service. We've also indicated here today that we will go back, given the information we have today and pending a further look at the remaining six regional providers, to try to determine a course of action that will correct that problem.

Mr. Mauro: So at the end of the day, I have to pay more if I choose direct funding, as it presently sits. Correct?

Mr. McCarthy: I believe that's true.

Mr. Mauro: Okay. I didn't hear in your answer why that is the case.

Mr. McCarthy: I can't give you a direct reason, other than to say that I don't believe there was a policy intent to disincent choosing direct funding option.

Mr. Mauro: I guess it raises another question for me, too, and that would be that if we would then be providing financing to parents to choose their own service provider, who would be doing the assessment on a child who might—are they being assessed by the same criteria that somebody would be through the direct service piece? So whoever the direct funding provider was would have to do the assessment on the same basis as somebody who is a direct service—

Mr. McCarthy: Yes.

Mr. Mauro: Okay. So we don't have to worry about that part of it, then.

Ms. Cane: Perhaps I should just clarify, if I may, that the assessments are undertaken by the direct service providers in all instances, and then a decision is taken—

Mr. Mauro: Oh, I see. Then the costs would flow.

Ms. Cane: Yes.

Mr. Mauro: Okay. Why did we end up with two: direct service and direct funding? Was there an initiative from parent groups? Were parent groups interested in being able to choose their own service provider?

Mr. McCarthy: I'll try to answer a little bit and ask Trinela to finish up, if necessary. As you are undoubtedly aware, the province has funded autism services—IBI for about five years-Shelley will correct me if I'm wrong. Prior to that, many parents did independent research and looked at models of service delivery, mostly in the States. The method, as it was called then, was the Lovaas method. Parents independently contracted with psychologists and therapists to deliver that service. When the province introduced the program, many of those parents had intimate relationships with their therapists or psychologists. They trusted them, they believed in the quality of the work and they wanted to continue that service, but they wanted to be subsidized as well. At that point, I think it's fair to say, there was an historical imperative to continue that.

Mr. Mauro: So that would be a yes; the push was from parent groups. There's a characterization that

there's possibly a bit of a two-tier system existing in terms of service provision and that those who can afford the costs that aren't covered through the direct service model can access this other piece. But the history of it is that this was in response to an initiative from the parent groups themselves, not a process initiated by the government of the day or by a ministry. Is that a pretty fair characterization?

Mr. McCarthy: Said quickly, I think that's true, but I do think there's a nuance there.

Mr. Mauro: Well, there always is. Thank you for that.

My last question is, from the 2003 audit to where we are today, there's approximately \$100 million more being spent on children's mental health within your ministry, aside from the money, which my colleague Mr. Patten has referenced, that's spent in other ministries on these same issues. Can you just give me a quick sense of the new programs that have been added? The documents tell us there are new programs being funded and also that we've expanded services in what were some of the existing programs.

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Ms. Wright: I can tell you that of the new money that went into children's mental health—the \$25 million that is going to \$38 million—\$12 million has gone to the 3% base funding for salaries for workers in children's mental health services. The additional money—the \$13 million that will go to \$26 million, which will be ongoing—has been to expand 113 new programs and enhance the 96 additional programs. Those programs have ranged in a variety of services. The actual services that were funded, as I think we indicated, were determined on a community basis by planning tables that said we need this service more than that service. Terry McCarthy is willing to give you some examples of the kinds of agencies that were funded, but the planning process was to bring, as I said, the agencies together with representatives from health and from the education system to say, "If we were to strengthen those parts of the children's mental health system in your community that need to be strengthened, where would we put those resources?" Does that answer your question?

Mr. Mauro: It does.

Mr. John Milloy (Kitchener Centre): Do we have time?

The Chair: Sure. You have a few moments.

Mr. Milloy: Thank you very much. I wanted to go back a little to some of the comments emanating from the policy framework discussion. Of course, so much of what is talked about and has been talked about by everyone around the table has been the silos within children's mental health. When you take a step back, you can take a look at the Best Start program and also at some of the work you are doing in terms of youth crime prevention. All those tie in to mental health issues.

Although I'm curious about how you are working to try to dovetail these different policies, I also had a more practical question, and that's about capacity. You spoke a bit about some of the organizations. As you said, a lot of them are very small organizations, with a few individuals running them, a lot of them have long waiting lists, a lot of them are mired in budgeting issues. In a sense, they're living right on the edge. When you talk about trying to break down silos, how do you deal with some of these capacity issues, to go to these small organizations and say, "Look, you folks all have to work together," when the fact of the matter is that they're having a hard enough time just dealing with their waiting lists and trying to live within their budget. I guess it's a two-part question, but more importantly, how do you deal with these capacity issues?

Ms. Wright: Thank you for that question. I think this is a really important topic for us to pursue. As I mentioned, in the consultation we did hear a lot about the need to bring agencies together and to collaborate. We also heard—at least I did from a number of agencies when I went to the regional offices—"We're planning too much. We're putting too many resources into this. We want to be there, we want to plan but we are awfully tight for resources." There's absolutely no doubt, when you talk to agencies, that they recognize they want to be there and they want to be collaborative, but it is taking time. I think we believe, and they believe, that the more we can systemize this and the more we can reinforce the importance of collaboration, the more we can find some efficiencies, and those efficiencies will actually help some of the smaller agencies, as well as some of the larger agencies, to work better together and use their resources better. That's the most direct answer to the capacity question.

The capacity question and collaboration lead into the question of how you actually coordinate services so that, as well, they look efficient and organized from the perspective of the parent and the child. So much of our discussion around the policy framework does deal with how you coordinate access. I think that if you can coordinate access, you can also help some of the smaller agencies in terms of their capacity. Before the Ministry of Children and Youth Services was created, the Ministry of Community and Social Services did a major piece of work called Making Services Work for People, which really was an opportunity to promote some kinds of models, coordination and efficiencies at the local level. It has worked to varying degrees in various communities, but we do believe we have learned a lot of good lessons from that, which we can use to go forward with.

Mr. Milloy: Taking something like Best Start, how do you then add that other piece? When you take a look at Best Start, at the range of programs there and trying to have them dovetail and address some of the children's mental health needs, that obviously must be a big challenge to the more, if I can call them, mainstream programs that are available to every child. How do you dovetail the two together?

Ms. Wright: On a very specific basis, we put out planning guidelines for Best Start which actually require them to consult with, for example, CTCs, and to ensure, as they are working on planning, particularly in the

demos but in all of Best Start, that we have an opportunity to have the agencies that need to work with Best Start at the table with them talking about what the service requirements would be as we push the early learning and child care proposals forward and look at early intervention.

The Chair: I think the auditor had some questions with regard to the \$33 and the \$36.

Mr. Jim McCarter: A couple of years ago, when we did the audit—I would agree with Mr. McCarthy's observation. With the data we had—it was difficult getting good costing data, and I'm certainly happy to hear that you are actually getting better costing data—we actually found that the direct service option was more expensive than direct funding.

My question is, in calculating the \$36, are you backing out any associated administrative overhead? You're really just comparing therapy hours to therapy hours?

Mr. McCarthy: Yes. Mr. McCarter: I see.

The Chair: Are you eliminating empty hours? In other words, if a therapist who's on staff has been paid, and is sick, are you including that as a hour of service?

Mr. McCarthy: We did not discount for that, if that's your question.

The Chair: So the empty hours are still at \$36 an hour.

Mr. McCarthy: Yes.

The Chair: Do you know how many empty hours of service there are?

Mr. McCarthy: I don't know, but we've committed to Ms. Martel to try to determine that.

The Chair: How much overhead is there, on top of the \$36 an hour, with the direct service?

Mr. McCarthy: I don't have that at my fingertips, but we can get that for you as well, bearing in mind that that overhead, just to be clear, pays for assessments, recruitment, outreach to parents on the waiting list and a variety of other services. I suppose the way I like to think about this service—maybe it makes some sense and maybe it doesn't—is that we have an obligation to ensure that there is that service capacity in every community in Ontario. The way we do that is the same way we do it with public education, the same way we do it with hospitals and the same way we do it with other public services. We do have an obligation to provide that public infrastructure, and stable funding, with all its inflexibilities, is part of that equation.

The direct funding option offers an alternative for parents. It's much more flexible. When viewed from one lens, it's much more accountable, but it also isn't responsible for being there all the time. It doesn't take on the role of assessment. It doesn't take on the obligation of training. It is an option, one that parents appreciate, but we believe we have the obligation to provide the direct service option as a part of ensuring that there is stability and predictability in this area of service.

The Chair: But as a parent, I'm more likely, or in fact guaranteed, that I'm actually going to get more hours of service with my child with a therapist under the direct funding model than under the other model. As a parent, I might say, "Even though I'm not going to get these side things, my kid is going to get more hours by taking this 'lesser service.'" Is that correct?

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Mr. McCarthy: It's likely true in many circumstances. I gave you the example earlier on that it certainly wouldn't be true in the north, and I don't believe it would be true everywhere for always if we didn't offer both options. I think both options are indicated as a part of our responsibility.

Mrs. Sandals: Could I just comment on that as well? The Chair: Sure.

Mrs. Sandals: My sense would be that in a lot of rural southern Ontario, you would have a similar issue as in the north, that if there were not an infrastructure service available, there would be no private service available. So I agree with your equity of service observation, but for those people who are doing the direct funding model, would it not also be true that, at least initially to get in to that model, they're taking advantage of the assessment services and the waiting list management services and the coordination, pointing them to other interim services available through the direct service model?

Mr. McCarthy: That's absolutely true, in addition to other services.

Mrs. Sandals: So everybody, in fact.

Mr. McCarthy: Yes.

Mrs. Sandals: Although future assessment may not be provided, the intake part of it and the coordination of other services are enjoyed by everyone.

Mr. McCarthy: That's true. Mrs. Sandals: Thank you.

The Chair: We have about 45 minutes left before lunch. So we'll go around once more, starting with Julia. Let's keep it to about 15 minutes apiece.

Mrs. Sandals: I think Julia's got another turn, because we started with Shelley.

The Chair: That's fine. I think Julia doesn't want any more than 15 minutes anyway.

Mrs. Munro: Oh, no. I didn't realize we had that much time.

There are a couple of points that I want to come back to. The policy framework issue: I think one of the dilemmas that faces government in setting out policies is the question of providing incentives and ultimate compliance. You've indicated that this document will come out this spring, and obviously there are some processes that you've alluded to that would follow from that. So I guess my question, then, is on the issue of incentives and compliance and things like that. What kind of timetable have you set for yourself in terms of the development of this framework and, ultimately, agencies following this?

I recognize that earlier in your comments you said, and I understand, that to some degree this is a work in progress, but obviously you need to set timelines and be able to say to agencies, "Okay, these are our expectations." So what kind of expectations have you set forward in developing this framework?

Ms. Wright: Upon release of the framework, we will begin to work very directly with the sector on the implementation and on more detailed work planning and steps that we need to put in place with them to actually proceed to implementation. I think it's fair to say that doing a provincial policy framework, which has been attempted a number of times before, is an ambitious and, as Trinela said, visionary step. So we will be looking at doing it in a measured and reasonable manner, if that's part of the sub-question to your question.

I think that we really strongly believe that we need to get this policy framework in place if we are to get to issues of incentives, as you call them, or get to a system where we are able to know that our funding is actually good value-for-money funding, as our auditors have asked us again and again. We also need to have this policy framework in place if we are to be able to show parents that the system works. If we can get to evidence-based practices, we need the policy framework, but we want to take it in a reasoned manner. I guess we believe it's an important step, but it is one that has to be done very much in partnership with the sector.

Mrs. Munro: Are we privy to any kind of time frame?

Ms. Wright: In terms of when it will be done? Mrs. Munro: Yes.

Ms. Cane: At this point in time, we don't have a complete time frame. As you can appreciate, we're still in the drafting stages of the framework, which still has a considerable amount of work attached. What I can tell you is that coming out of the framework, I think we are going to have to fairly quickly establish some priorities for immediate action. Not speaking specifically to the issue of incentives, because with that comes the question of sanctions, which you may have alluded to a little bit, I think our intention would be to identify those immediate priorities, those areas that we need to move the sector toward immediately in order to establish the right foundation for the next steps. I can't tell you today what they are. I think the sector is quite variable, and some of it is for good reasons, but I think we're going to need to identify the areas where we need standardization and what that needs to look like, and then I think as part of our service management and our priority setting, we will establish targets to move towards. It will be very much target-focused in terms of moving agencies in that direction.

The other thing that is going to be important is this: When we talked about the evaluation that we're doing of our new funding, there could be some very tough decisions when we may find out, as part of the evaluations, that even though we've tried to choose evidence-based approaches, and we've done that from the get-go, there may be programs and projects that aren't working effectively. With that comes a responsibility for some decision-making, that we either won't be going ahead or we will go ahead in a different way. I think we have a different set of opportunities, both around the evaluation framework we're putting in place, and what we're going to do about that and what it tells us around articulating

the standards as part of the policy framework, identifying which priorities we're moving on at what pace—and I don't know that as of today—and then attaching expectations from a service and perhaps a community planning table focus that are going to be required.

Ms. Wright: The framework will address aspects of things such as guiding principles, what are the system goals and what is a continuum of service in broad-level terms. I don't want to mislead you that we're releasing a detailed plan in the spring. We believe this is an incredibly significant step to working with the sector, to begin to bring a framework onto the ground that we can move forward with in terms of service outcomes and service measures. But the first document we release will really deal with vision, guiding principles, systems goals and a broad description of a continuum of service. Then we will work and move and engage with the sector on what that looks like as we start to work with each of the agencies and the communities. I just didn't want to mislead you that I had perhaps promised more than I am able to deliver.

Mrs. Munro: I guess my question comes from the fact that, as I expressed when I made my first comments this morning, we, as MPPs, are all aware of the great need that sits in our communities and the question, then, of anticipation of dealing with issues. We've talked a great deal about the autism side of things and that parents understandably feel extremely pressured and so for everyone this has a timeliness. People age out. This is why I'm sure that from your perspective it's something that you recognize: Yes, you've talked about the broad goals and perspectives, but there's an element of not only anticipation but, quite frankly, need for people to feel comfort in the progress that's made in this regard.

That leads me to my second area, where I want to stress what I feel is very important in this process, and that is transparency, particularly for parents, because the object of all of this is obviously our children. The kind of emotional investment that every parent has in his own children then becomes focused on the frustrations of a system. I think that we are all cognizant of the many, many examples—too many examples, I would argue — of that kind of frustration. I would ask you to comment on the steps that you intend to pursue that will provide that kind of transparency, not only for parents but also for the public at large.

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Ms. Wright: I would like to also say that we really are seized with the urgency of this; I don't mean to imply that we're not. We recognize and we talk to parents as well who are frustrated with their inability to get the services that they need. I think that we can appreciate that frustration a great deal.

The new resources that we have put into children's mental health, the \$38 million, were put there in recognition of the need to provide those additional services. As I indicated, there are both new services and an expansion of existing services that will help to address them.

The issue of accountability and transparency is an extremely important one as well. I will speak to the wait

time a little bit, because that is one of the areas of great frustration to parents. The steps that we have taken in terms of the agencies using a standard instrument now, the BCFPI, to do a standard intake and to be able to standardize the way in which they manage their wait times is a significant step towards increased transparency for parents, for the agencies and for us.

I've spoken a little bit about the challenges we face, but the fact that Children's Mental Health Ontario is collecting that data on a quarterly basis and talking to regions about it through planning tables and community-of-practice tables not only helps the data, but also helps with the transparency.

Mrs. Munro: I think it's extremely important to keep that focus. My next question actually dealts with the waiting list, obviously following on the same logic you used in creating an answer. I wondered if you would comment on some of the dilemmas with regard to managing wait lists. Where is the thinking on making what are sometimes very tough decisions for people managing wait lists? Quite frankly, the frustration also in that "management," whether you're using specific criteria—I've known of situations where people have made the decision not to have a long wait list. That doesn't mean that there aren't people out there in the community who in fact need service.

I'm a bit nervous about this wait list issue, because I think it can be manipulated. We need to understand, and the parents need to understand, particularly, as you point out, on the transparency side of things, what the tools are and how those decisions are made. More importantly, from your perspective as being responsible for creating a policy framework, what advice are you going to provide on the issue of wait lists?

Ms. Wright: We really believe strongly that the instrument we've put in place, BCFPI, will help with determining wait times on an agency basis. We are not happy that that data is as strong as it should be now, so we are working with agencies to improve the data and the data collection, and, as I mentioned, are confident that the data we get in 2005 will be better.

I'll answer your question on what the key components are of appropriate wait time management, and then I'll talk about wait lists. On wait times, I can't say it too often: It is having a common set of definitions, having a rigour around the use of those and having an ability to collect that data in a way that's comparable and is about outcomes, because it is outcomes that parents care about. I don't mean to sound like this is too much like a systems process; it does lead to something that matters to parents.

Those are the challenges of collecting the wait times. We have put in place a number of strategies to address some of the limitations of the data, and we are confident we can move forward with that. As I said earlier, as we move forward and become more adept at this, both as a ministry and as a system, we'll continue to refine it and improve it.

The issue of collecting appropriate data for outcomes is something that's going to be with us forever and ever

and we just have to get better at it, and appropriately so. That's my first point on this.

In terms of actually managing wait lists, it's probably a more complicated question. I know the committee made a recommendation on ministry managing of wait lists. I think at this point wait lists are still being managed at the agency level and the regional level. We believe that continues to be appropriate for three reasons. One is that we don't have the database yet to do it, if we did want to do it. But the more salient point as to why managing wait lists is a local issue is that it enables the local communities better than I do, sitting in—where do I live?—56 Wellesley. So it's really important for the local communities to be able to manage wait lists.

Secondly—and I think this goes to Mr. Patten's point—increasingly these are questions of clinical judgment. The minister certainly doesn't have the capacity to deal with, second-guess or even comment on clinical judgment at this point. When you put those two together you have a case, at least in the immediate term, for wait lists to be managed at the local level.

The Chair: We may have a division in the House, and some members might want to leave to vote. So whenever that division takes place, we'll break off and then continue after that until 12:30, when we're going to have lunch upstairs.

So, Ms. Martel, would you like to go ahead at this time and take at least part of your time.

Ms. Martel: There are two things I want to raise, and I have some other questions. The first still has to go back to the \$2.7 million, because we've got some different answers about what the reasons were, and I appreciate all of that. What I'd say is this: If it became clear that regional providers or their subcontractors were having capacity issues in terms of delivering the direct service option and that they were going to be in a position where they could not offer any more spots for whatever reason, then I really think a directive should have gone out to those agencies to say, "Then put your money into the direct funding option." If the reason was that on the direct service side there was just no capacity for any other children to be given service, because of human resources or whatever, then clearly in each of those agencies, or any agency, there should have been a directive to say, "Move to the DFO model," because that wouldn't have been a burden on any of the resources of the direct service provider. You wouldn't have been calling on their therapists, because you would have been contracting their own. You wouldn't have been having a requirement to have wait-list management, because you would have been off the wait list. There wouldn't have been a requirement for somebody to be looking for other resources for you, because you would have been getting the resource you really wanted and needed in the first place, which is the IBI.

Secondly, I think I have to provide some additional information and maybe get some clarification about the DFO model, because I appreciate the questions that Mr. Mauro was raising. Parents who are on a DFO model pay

for all of the resources of the program for their child, whatever those resources may be. Under the direct service model, those are covered by the agency or the subcontractor. So whatever resources they have for their children to participate in the program, they pay it out of their own pocket.

What is happening and what has been happening in a number of areas, as far as I'm aware, is that the cost of the therapists has increased and parents are paying for an additional portion of that cost of the therapist. I don't want to say there's a cap, but there is a limiting factor here in terms of what is paid for therapists, and I know there are parents who are covering an additional cost, because the hourly cost of their therapist is more than what they're getting to pay for that. Under the direct service model, that's covered.

Thirdly, if I'm correct, there is a cost around the psychological supervision of the program because, rightly so, a psychologist should be supervising a direct funding program as well. But my understanding also is that the cost is related to a percentage. If you were having 30 hours a week, 10% of that is supposed to be a psychologist's supervision or a lead therapist's supervision. So that's three hours a week, and the parent on DFO is responsible for paying that cost, which would be covered under direct service.

Those are three areas that I think I'm pretty confident to say are areas where parents pay out of their own pocket if they are using the direct funding option. Those are costs that would not have to be covered under direct service. Why it leads to two tiers is because some parents can afford to pay for that and some parents can't. Over the course of a year, that can be a pretty significant cost, especially if they're picking up additional hourly costs of a therapist. If you've got a 30-hour-a-week program going on, that could be really significant.

The ministry can clarify that or get back to us with some additional information, but that's certainly my understanding of some of the out-of-pocket costs for parents on DFO.

The Chair: I'm going to ask you to hold your response until after the members return from voting. We'll reconvene right after the vote has been taken.

The committee recessed from 1201 to 1211.

The Chair: I believe Mr Patten has a few more questions. There's a response to yours, or do you want to—

Ms. Martel: I didn't get a response.

The Chair: Do you want the response now?

Ms. Martel: Yes, and I had one very short question after that.

The Chair: Okay.

Ms. Wright: Terry McCarthy is going to pursue the conversation with you, Ms. Martel.

Mr. McCarthy: I'd just say that we're appreciative of the recess so we could provide you with a better response.

We take your points, Ms. Martel. I just want to reiterate a bit. There is no policy intent to disadvantage the direct-funding-option parents. In discussions with my colleagues at the recess, it's somewhat clear to us that the funding that is currently allocated by way of unit allocation for IBI to DFO parents is based on a point in time, and I think we're all in agreement that we need to bring that analysis up to date. If the costs of delivering these services exceed the capability of parents, then we need to take that into account. So we'll commit to do that today.

The other piece, I guess more broadly, is that we need to look at the proportionality, I suppose, between our funding allocation for DFO and DSO, keeping in mind two pieces. One is parental demand, because I certainly heard Mr. Sterling speak of that, and we understand completely why parents would gravitate to this option, but at the same time balancing that against the need to maintain a basic infrastructure in each and every community across the province. I'll commit to you here today on behalf of all of us that we'll look at that as well, so that we can deliver a stable program but one that's fair to everyone.

Ms. Martel: I appreciate that commitment. I just wanted to ask one final question about the autism wait list. I'd like to know if you can get the numbers for the committee—I don't know if you have them today, or you can get back to us—on two elements as most up to date as you have: The wait list that's now in place for children who have qualified for IBI and are waiting for service and, secondly, those children who are still waiting to be assessed.

I recognize the complexities as a result of Deskin-Weinberg and what that has meant in terms of kids over 16 on the wait list. I won't make any comment about that. I would just like to know what the most recent numbers are around wait lists in this program.

Ms. Wright: We can get that information to you and to all the committee members.

The Chair: Mr. Patten.

Mr. Patten: It's in the same area as the last question Shelley asked—three comments and then a response.

One, the function of the LHINs that are now being established is to provide some integrity and presumably co-operation and coordination. One of the biggest challenges it's going to have is waiting lists from a variety of areas. My question is, do you have available or have you taken advantage of other ministries that are looking at waiting lists, acknowledging that indeed each manager of a waiting list probably has some unique features that others don't have?

Number two—and this is for the Auditor General—there are generalities throughout the whole government system, and this is one of them. When you begin to see a pattern of things developing, are the IT offices on their own? Are they part of a larger government-wide system? Is there an ability of the government across the board to gather its collective wisdom to be supportive of a new ministry in looking at trying to develop its database for waiting lists and manage that for the purposes of its programs?

Ms. Wright: I'll answer the first question, or would you like to answer the first question too?

Mr. McCarter: No, it gives me time to think.

Ms. Wright: Oh. After you, Alphonse.

Yes, we have actually benefited primarily from the experience in health with having managed wait lists, how they define them. You've probably followed, as well as I have, the national debate on trying to come up with a standard for a reasonable wait time for whatever it is, four or five procedures. I think that actually reflects the complexities you've acknowledged. We have been actively engaged with health and learning from health in terms of how they go about doing wait-time management. It's been primarily health, and we will start to engage more with the health promotion ministry at this point.

Mr. McCarter: With respect to the IT issue, I think what you're getting at is that a lot of the agencies have good data in their databases. Unfortunately, their databases can't communicate or link up to the ministry's central databases. So what happens is, if the minister wants information, they basically send down either an Excel spreadsheet or a template, and somebody's got to re-enter it, pull the information off. It goes to the regional office and they have to re-enter it yet another time.

Ideally, if you could have middleware that would basically link up two databases and allow them to communicate, you could actually go in and extract the data, the analysis, right from their database. It's more difficult to do that than you might expect. It's a fairly difficult issue and you may decide, "You know what, we only want to do it for the 10 or 15 very large agencies, and for the other 235 agencies, maybe we'd do it the old way."

Ms. Wright: When I was speaking to Mr. Zimmer's question about IT, I was alluding to the fact that we are aware that we need to invest in our IT function around collecting agency data and that we were in discussions on how to do that. It was an oblique explanation for that.

The Chair: Thank you very much, Ms. Wright, Ms. Cane and Mr. McCarthy. We appreciate very much your frankness and openness with us.

We usually meet in camera in order to give our researcher a few directions with regard to writing our report or not. I'd ask you, because we are in a time bind here, to vacate as soon as possible. While you're vacating, I believe Mr. Mauro has a motion.

ELECTION OF SUBCOMMITTEE

Mr. Mauro: I move that a subcommittee on committee business be appointed to meet from time to time at the call of the Chair, or on the request of any member thereof, to consider and report to the committee on the business of the committee;

That the subcommittee be composed of the following members: the Chair as chair, Ms. Munro, Ms. Martel and Ms. Sandals;

That the presence of all members of the subcommittee is necessary to constitute a meeting; and

That substitutions be permitted on the subcommittee.

The Chair: Any discussion? Carried. Thank you very much.

The committee continued in closed session at 1220.

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Standing committee on public accounts

2005 Annual Report, Auditor General: Ministry of Health and Long-Term Care

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Deuxième session, 38^e législature

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 23 February 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 23 février 2006

The committee met at 0948 in committee room 1, following a closed session.

2005 ANNUAL REPORT, AUDITOR GENERAL

MINISTRY OF HEALTH AND LONG-TERM CARE

Consideration of section 3.01, ambulance services—air.

The Chair (Mr. Norman W. Sterling): Good morning. My name is Norm Sterling. I am the Chair of the public accounts committee. This morning, we are going to be dealing with section 3.01 of the auditor's report, dealing with air ambulance services. I'd like to welcome Mr. Sapsford, the deputy minister, to our hearing. I understand that not only you, Mr. Sapsford, but some of your other people with you also have some opening remarks. Can I ask you to proceed.

Mr. Ron Sapsford: Mr. Chair and honourable members of the Legislature, it's my pleasure to be here today in response to the annual report of the Auditor General of Ontario on the air ambulance program.

Joining with me today are a number of my ministry colleagues, each of whom has considerable and detailed knowledge about the air ambulance program. Mary Kardos Burton, to my left, is assistant deputy minister of the acute services division. To my right is Malcolm Bates, who is the director of the division's emergency service branch. This is the branch responsible for the air ambulance program. Mary Kardos Burton will present a prepared statement in a few moments. As well, she and her staff will make every effort to answer any further questions you might have concerning the air ambulance program.

I speak for my colleagues here today, and the many other people who are responsible for delivering air ambulance services across the province, when I say that we welcome the findings of the Auditor General. I'm pleased to say that appropriate action has already been taken in response to most of the recommendations, while work continues on the others. These efforts illustrate the ministry's continued commitment to ensure excellent air ambulance services to the people of this province, and recent changes to the air ambulance program will further improve these services.

As you may know, in January of this year, all operational functions of the air ambulance program that were provided or contracted by the Ministry of Health and the base hospital program were consolidated under the Ontario Air Ambulance Services Corp. These services include all organ recovery flight services, air ambulance dispatch functions, air ambulance service provision contracting, accounts payable and receivable, and base hospital functions. The latter, base hospital functions, include medical direction and medical quality assurance, as well as flight paramedic training.

This new corporation has the ability to enhance and improve the provision of air ambulance services in Ontario to a level that will contribute significantly to the health and preservation of life of the people in this province. The establishment of the corporation and the consolidation of the various elements of the air ambulance program will improve the ministry's ability to improve access to health services, ensure quality health services, and contribute to the alignment of health resources and the integration of health services.

This corporation will be fully accountable to the provincial government, to the patients who make use of its services and to the broader health community. However, while the corporation will manage and operate the air ambulance system under a performance agreement with the ministry, the ministry will continue to consult with all stakeholders to set and ensure that policy and standards are current. And the ministry will continue to certify and inspect air ambulance operators and conduct any investigations. The end result will be improved care, improved access to service, increasing effectiveness and efficiency of the delivery of service, and the assurance of greater fiscal and medical accountability.

These results are particularly relevant in light of the overarching theme of the Auditor General's report that identifies the need for more rigorous management to ensure services are delivered economically, efficiently and effectively.

I want to note that this recent consolidation of Ontario's air ambulance services is an important step for the ministry to move away from direct operational service delivery and towards the role of being a strategic manager and steward of this vital health care program. This new role of stewardship for the ministry—planning for, and making wise use of, our resources—represents the future overall role and function of the Ministry of Health and Long-Term Care.

In its new stewardship role, the ministry will be responsible for:

—establishing overall strategic directions and provincial priorities for the health care system;

—developing legislation, regulations, standards, policies and directives to support these directions;

—monitoring and reporting on the performance of the health care system and the health of Ontarians; and finally

—planning for, and establishing, the funding models and levels of funding for the health care system.

In essence, what this means is that the ministry itself will be less involved in the day-to-day actual service delivery and more involved in establishing overall direction on policy, priorities and investments.

The consolidation of air ambulance services in the Ontario Air Ambulance Services Corp. illustrates and exemplifies this new ministry's stewardship role. It means that we'll be setting standards, monitoring service delivery, and ensuring compliance with the legislative and performance contract requirements regarding the delivery of air ambulance services.

In closing, I want to stress that this will not change the ministry's uninterrupted commitment to a level of service that stands up favourably to any question and all scrutiny.

Now I am pleased to introduce Mary Kardos Burton, who will address directly the Auditor General's recommendations.

Ms. Mary Kardos Burton: It's my pleasure to join you today and to answer questions that committee members may have concerning our province's air ambulance program, its operation and its expenditures.

First, I would like to provide you with a brief background about the air ambulance program. Clearly, Ontario's air ambulance services play a critical role in providing people, particularly those living in the remote northern areas of our vast province, with quick access to specialized medical services.

Air ambulance services are available to all Ontario residents and cover the entire one million square kilometres of the province. As such, they're vital in overcoming the barriers of distance, geography and time for patients needing urgent or prompt access to vital diagnostic and specialist medical services. Air ambulance services are available around the clock to respond to emergencies where patients need immediate evacuation to specialized levels of care.

The fundamental purpose of the program is to provide rapid, efficient and safe transport of seriously ill or injured patients over long distances from accident scenes, from areas inaccessible by land ambulance or from community hospitals and health centres to locations where the needed health care services can be obtained.

These urgent transports include daily responses to interfacility transfer requests, as well as transporting victims of automobile, industrial and other types of accidents to the closest trauma centre. They also include rapid transport of specialized medical teams, such as neonatal or cardiac teams, and are vital to our organ

recovery and implantation services, with almost 400 flights annually for these purposes.

Air ambulance services play a key role in the ministry's contingency planning and response components of the province's disaster and emergency response system. The air ambulance program, the first of its kind in Canada, was established in 1977 to transport critically ill patients to hospital. Today, it's one of the largest and most active air ambulance programs in North America. What's more, I'm proud to say that it's a world leader in handling the transportation of some 18,000 patients annually.

Often described as the glue that connects the components of the health system across the province, the air ambulance program is becoming increasingly important to health care providers and to patients who need its services. Now, as the deputy has noted, the various components of the air ambulance program have been consolidated into the not-for-profit Ontario Air Ambulance Services Corp. The primary objective of the consolidation is to streamline processes and improve service coordination.

The creation of this service is yet another example of the ministry's responsiveness to a need for innovation and for changing the status quo when such change is advocated by professionals, experts and stakeholders. This initiative is not only the latest development in the history of air ambulance services in this province but also an extremely meaningful development in the advancement of pre-hospital care.

This new organization, as the entity responsible for the overall management and operation of the air ambulance program, is now positioned to work with the ministry and all system stakeholders to determine how to best respond and react to the auditor's recommendations on air ambulance service in Ontario.

Let me now address the auditor's specific comments and outline the ministry response to each.

Reaction times: The auditor recommends that the ministry more closely monitor and improve reaction times.

This is one example of where the OAA comes into play. Last July, the government announced that the OAA will have responsibility for all air ambulance operations, including the medical oversight of paramedics and air dispatch. The OAA commenced operations last month. Under the terms of the performance agreement between the ministry and the OAA, which was signed last December, the OAA will implement new computer-aided dispatch communications system technology innovations which will encompass and improve many aspects of air ambulance dispatch.

The ministry agrees to work with the OAA to have reaction-time fields built into the new air ambulance software system to monitor performance for emergency calls. In this way, the new system will enable closer monitoring of actual reaction times and will also facilitate development by the OAA of a strategy to improve reaction times.

Decision to Dispatch: The auditor recommends that the ministry document the reasons for air ambulance use and the selection of particular aircraft.

The existing communication system does not allow for automated documentation regarding decisions on aircraft selection and deployment. In concert with the OAA, the ministry will undertake to have additional decision-making documentation in the new computer-aided dispatch systems software that will be used to assist in the dispatching of air ambulances, as long as use does not impair timely air ambulance operational response capability or safety. The ministry will also undertake to periodically have the OAA conduct a review of the decision-making information used for this purpose and to provide the director of the emergency health services branch with the results of the review and a plan for remedial action, if necessary and/or appropriate.

Cancelled calls: The auditor recommends the periodic review of cancelled calls, with particular attention to where there is a high number of such calls and with action taken to minimize the unnecessary dispatch of air ambulances.

Given all of the variables, such as weather and runway conditions, and the impact on aviation services, including air ambulance services, cancellations can be accepted as being systemic within the air ambulance program, and are not normally caused by staff performance, improper procedures or operational inefficiencies, nor can they be significantly mitigated without imposing significant time delays to secure more detailed patient data prior to responding to actual or potentially life-threatening emergency calls.

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All of this notwithstanding, there is a need and an opportunity for implementation of a better method for monitoring and recording cancellations. The ministry will work with the OAA to include call cancellation statistics and rationale information fields in the new air ambulance database that's being developed. The ministry will ask the OAA to have the call cancellation information analyzed on a regular basis and reported to the emergency health services branch.

Operator service reviews: The auditor recommends that any deficiencies identified in operator service reviews be corrected quickly, with attention paid to circumstances under which the ministry would apply sanctions or consider revoking an operator's certification.

The service review requirement for air ambulance service certification came into effect May 1, 2000, and is a total quality management process designed to have operators achieve full compliance with both legislated requirements and best industry practices. As with any new concept, a transition period is necessary, and it has taken both the ministry and the operators some time to implement and refine the process and to achieve a meaningful level of success. Review reports have been finalized and distributed, and revisits and follow-ups are being completed. The purpose of conducting these reviews is not only to identify deficiencies in meeting standards, but

also to allow an opportunity for operators to correct those deficiencies. Sanctions and the revocation of certificates are considered as last resorts when all other reasonable efforts to resolve operator deficiencies have failed.

The ministry will work with the OAA in regard to ongoing service reviews to further clarify when or if financial sanctions or certification revocation options should be considered for an air ambulance service operator.

Location of air bases and aircraft: The Auditor General recommended the assessment of the number and type of air ambulances needed, the hours of their operational availability and the optimal locations for aircraft bases and landing areas, including helipads.

The ministry informally assessed this information each time it contemplated awarding a contract to an air ambulance operator. The ministry will now discuss the need to formalize such assessments with the OAA prior to initiating future contracts.

Lines of authority: The Auditor General recommended that lines of authority be clarified among air ambulance dispatch, base hospital and operators to enable the effective coordination and delivery of services.

The new service delivery model provided by the OAA will clarify these lines of authority. It will also address the Commission on Accreditation of Medical Transport Systems recommendations. This is a meaningful accomplishment since CAMTS is widely recognized as the body that sets the standards of excellence in the international aero-medical transportation industry. It is a not-for-profit organization dedicated to improving the quality and safety of medical transport services. In an audit of the previous structure of the air ambulance program, CAMTS had identified various opportunities for improving the program.

Acquisition of operator services: The Auditor General recommended the evaluation of risks posed by the dependence on one preferred service provider and the development of a long-term strategy to encourage a more competitive environment. The performance agreement between the ministry and the OAA will require a competitive procurement environment consistent with government requirements.

Patient billings: To help ensure that costs of air ambulance services are recovered where appropriate, the Auditor General recommended that the ministry consider billing such costs similarly to other health program billing practices.

Patients who are billed for air ambulance costs are patients not covered by OHIP, such as patients who reside out of province. Of the more than 18,000 patients transported by air ambulance in 2004-05, fewer than 1% were billable for actual costs. In essence, this recommendation is calling for those patients to be charged for all the repositioning costs of the air ambulances used in servicing these patients. Also, implementing this recommendation would mean charging these air ambulance users for not only picking up the patient but also returning the aircraft to its home base.

In concert with the OAA, the ministry will review whether it is reasonable to charge these system costs to

patients not covered by the Ontario health insurance plan and/or to establish a maximum recoverable amount.

Integrated air information system project: The Auditor General recommended better integration of air ambulance information systems, as well as balanced communication between air and land dispatch systems.

The ministry will work with the OAA to assist it to establish a substantially improved air ambulance dispatch information system.

That concludes my review of the Auditor General's recommendations and the ministry responses concerning Ontario's air ambulance program. Since the OAA is now responsible for all of the operational facets of the air ambulance program, it is a matter of appropriateness and necessity for the ministry to request that the OAA review all of the auditor's recommendations to determine, in consultation with the ministry, how best to react to each

I appreciate your kind attention today. And now, with my colleagues, I would be pleased to answer your questions either today or in written form.

The Chair: Mr. Zimmer.

Mr. David Zimmer (Willowdale): I have a theme I want to explore that arises from pages 7 and 9 of the auditor's report—page 7, operator service reviews, and page 8, acquisition of operator services. I'm sorry, it's 5, operator service reviews, and 8, acquisition of operator services.

When I read through 5, the operator service reviews, without getting into the detail, it's clear to me that in about 70% of the service review files there is no supporting evidence and so forth and so on and various things didn't happen. But the point is that I get the sense that there was no central management oversight, governance or quality control of what the service operators were doing. There was no provision for penalties if they were doing things that they shouldn't be doing or if the service standards weren't up to snuff and so forth. So that's the service review situation: There essentially was none.

Then I go to 8, the acquisition of service standards, and we have this thing of the preferred provider operators. It looks like they got the contract, so they're a preferred provider but they're operating without a lot of service oversight. After a couple of years of their contract and—I should say, presumably they got the contract with an RFP, so there would have presumably been standards and all that sort of stuff in their proposal. Then the contract sort of comes to an end and they announce that health structures are such and so on, and they're going to terminate the contract. The ministry's internal audit service had great difficulty—perhaps it was even impossible—determining the validity of the provider's claims that they couldn't service the contract at the prices. Then of course, there were very few providers out there in the marketplace, so the contract was not retendered and it was extended, and it looks like they caved in to the additional fees and so on.

So it seems to me that what we have here is effectively, not to put too find a point on it, an ambulance

service that's really operating as a fiefdom, if not its own monopoly, because there's not a lot of oversight and when the contract was up they essentially rewrote it on their own terms. I know that's the challenge that you face. It's one of accountability, governance, oversight by central management and so on. My question then is, given that scenario, how are you going to break down that monopoly or fiefdom? Once you break it down, how are you going to govern it, keep an eye on it on a going-forward basis? What's the plan on the going-forward basis? How are we going to crack this nut of what amounts to a de facto fiefdom or monopoly out there?

Interiection.

Mr. Zimmer: My question is to the deputy and staff.

Ms. Kardos Burton: I'll start, and then I'll turn it over to my colleague Malcolm Bates. I think I mentioned in my comments that we are going with the air ambulance organization. One of the things that we are requiring is that there be a more competitive procurement environment. Our performance agreement with them will also ensure that we do monitor. They will have reports back to us and there will be a responsibility on their part. Part of the problem, as you correctly identified, is the availability in terms of the expertise and experience in this business. Certainly, our expectation is, with the air ambulance authority running this, that we will have a higher competitive environment. Malcolm?

Mr. Malcolm Bates: Good morning

Mr. Malcolm Bates: Good morning. I think one of the first questions you had though that we should address is your question of certification and quality, if you don't mind. We have a certification process under the legislation where an operator is required to certify prior to becoming an air ambulance operator. You cannot be an operator unless you're certified. That certification process is a very involved, comprehensive process that every operator must go through. Every air ambulance operator, and every land, for that matter, has to go through a certification process. That certification process involves an interview and a review of the qualifications of any operator who wishes to become an ambulance operator. So you have to pre-qualify to go through a certification interview and review of your qualifications with respect to how you can operate and your financial stability and your patient care plans and everything else before you can even step foot in the ambulance operation side of things. Then you must undergo an on-site review by a group of people who are very knowledgeable—paramedics, base hospital staff and our certification people within a set number of days under the legislation to ensure that, in fact, you are performing in the way you have said you would perform.

There's a certification review process consisting of upwards of about 400 items that are looked at during a certification review. You must score 90% on that particular review. There are about 12 ambulance operators at this point in time; eight underwent review last year. All of them were certified eventually. Two had to undergo a review follow-up process. One of the things

that the auditor was concerned about was a follow-up process, and that has been addressed. In the beginning of the certification process—as the ADM mentioned previously, there was a transitional period. It's new, it's something that not only we have to get accustomed to, to make sure that we're doing it properly, but the operators also have to get accustomed to, to make sure they understand what this is all about. That process now, I believe, can assure the operator is totally in place at this point in time and the follow-up is done and the reviews are done properly.

Now, there are sanctions, because I think you're concerned about whether or not an operator is performing properly. There are sanctions, with respect. I do have some charts. They may be a bit difficult to read with respect to—but I'll point it out to you, if you don't mind.

Mr. Zimmer: If I may, I'm not so much interested—I expect that there are sanctions there and all of that stuff and I accept everything you've said and I think that's the way it should be. My question is more how the ministry is organizing itself so it carries out its oversight functions, so that it properly manages the contract. You can have the finest and most elaborate contract, with all the protections built in and so on, but if someone is not overseeing or managing the contract, bringing down the hammer at the appropriate time, the word gets out there, and the service will soon realize that the teacher's not there to keep an eye on them and they can pretty well do what they want. The situation is even more difficult because, as I understand it, practically speaking, there are not a lot of other viable competitors out there to compete with.

Mr. Gilles Bisson (Timmins–James Bay): It's a highly specialized business.

Mr. Zimmer: Just a second. I'm interested in the answer here.

Mr. Sapsford: Maybe I can start with the question about the ministry's role. Up until the creation of this new organization, the ministry, as you're aware, was involved both in the delivery as well as in the policy and monitoring. I think the comments were made first by the accreditation council as well as the auditor about lines of authority and who's responsible.

So this change in the basic organization of how the program operates using a non-profit transfer payment agency and accountability agreement clarifies who is responsible for the service performance. The ministry's role in the future, as the program, is really to take a much larger role in the oversight and the monitoring that the auditor and his staff are referring to.

With the clarification of the role of the ministry and the role of the service provider, consolidating all the elements—dispatch, providing the fixed and helicopter services, as well as the medical supervision and the training of paramedics—under one governance authority is, in my view, a better organization of responsibilities and, hence, each one of us will be able to focus on our own roles and perform those roles much better than they have been in the past.

Mr. Zimmer: I'm happy to hear that. My last question is, how will you adjust for or compensate for or take into account the lack of viable competitors out there? If you're unhappy or if there are problems with the service these folks are providing and they know there isn't really, practically speaking, anywhere else the ministry can go for the provision of the service, how will you sort out that tension? It seems that they've got a slight advantage there.

Mr. Bates: If I can have a chance at that one, there are two types of air ambulance operators. The ones you're referring to there are the rotary wing, I believe. There are also fixed-wing operators who function throughout the province. There are eight fixed-wing operators at the present time under a standing offer agreement that we utilize across the province, primarily in the north, of course. There's also a fixed-wing dedicated operator. The fixed-wing is a competitive process, and some of them are coming in and out of the business regularly, depending upon the need for that type of business. So that's competitive at its utmost, if you will.

The rotary wing, which is what you're talking about, I think, is indeed a very specialized business and a very expensive business to get into. In fact, there was competition at the last RFPs. We had, I believe, three or four competitors who put in proposals on the RFP. So there are people and companies that can indeed present themselves as potential operators, and did in the last RFP that went through.

Although we only have one particular company that is now providing rotary wing services—you're quite right, and the perception is that maybe it is a bit of a monopoly, if you will—there were competitors, and I'm sure there are competitors. That's my understanding in discussing this with the Ontario air ambulance service. It's one of their concerns as well.

Let's face it: They have to, from this point forward, be concerned about it and operate. They have indicated they will look elsewhere—"elsewhere" meaning across North America, if you will—for potential operators for rotarywing services. So I think they're under control of that particular aspect of it, and will be using different methods of procurement to try and solicit additional competitors.

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Having said that, the one we have is very good; I don't want to say anything about that. You also mentioned, though—and I want to go back to quality assurance, because it's a very important part of air ambulance, a very important part of safety, to make sure that patients and crews are protected. It's a multi-faceted approach, not just through our certification through the ministry, which is a very important process, but also through the Ministry of Natural Resources, which looks after the safety aspects, and through Transport Canada, which also looks after the safety aspects of all the aircraft. We also do unannounced inspections, and we do investigations of any complaints. I can tell you, as far as history goes, that in the last two months we issued two suspensions of

standing agreement operators for things like not having a properly qualified paramedic on board, for not having oxygen on board. So we are watching that on a very close basis.

The Chair: Mrs. Munro.

Mrs. Julia Munro (York North): Thank you very much for coming today. I want to ask a couple of questions, at this point, just to understand a little bit more in terms of how this system works. You made reference, in response to Mr. Zimmer's questions, to the need for rotary-wing units as well as fixed-wing and the question of competition. We also have a map here that gives us a sense of the air ambulance system. I wonder if you could tell us how many rotary-wing units we are talking about here, particularly in light of the sensitivity around basically one provider.

Mr. Bates: Looking at this particular chart may help as well. If you don't mind, I'll stand up and explain this. *Interiection*.

Mr. Bates: I have to stay at this desk? All right, I'll move it over.

Mrs. Munro: It's easier than moving the sound system.

Mr. Bates: Rotary-wing: There are 11 helicopters in the system at the present time. We have rotary-wing bases in Toronto, where we have two helicopters based. We have one in Sudbury and one in Thunder Bay, and those are the dedicated critical care transfer services, as we call them; they provide critical care paramedical services in those particular locations. We also have preferred provider, which I believe Mr. Zimmer mentioned a moment ago. They are located in London, Ottawa, Moosonee and Kenora. London and Ottawa also provide critical care paramedic services. Kenora and Moosonee are advanced care paramedic services. That is the rotary-wing system in the province.

The fixed-wing service in the province: The dedicated are based in Timmins—there are two aircraft there—and Sioux Lookout—there are two aircraft available there.

Having said that, there are a number of standing offer agreement carriers. I think there are about eight of those online right now, and they might provide 25 aircraft to utilize for air ambulance services at any point in time.

Organ retrieval: There are about 80 aircraft available at any point in time for that particular service.

Mrs. Munro: Thank you. I just felt it was important for us to get a sense of the numbers when we talk about this service.

With the creation of Ontario Air Ambulance, does this mean there is one location?

Mr. Bates: The number of bases and the number of aircraft will remain the same, with one exception. There's one additional rotary-wing coming on in September as part of the agreement with the carrier we have at the present time. That will be an additional spare, if you will, for maintenance purposes, because helicopters require significant downtime for maintenance, as I'm sure you know. It's very important to make sure that main-

tenance is provided and that the aircraft are kept online. That additional spare will assist in that.

No change will take place initially with respect to the number of aircraft and the number of bases. OAA has already assumed responsibility, by the way, and is in fact responsible for the air ambulance system and functioning within that air ambulance system.

Mrs. Munro: I guess my question had to do with simply the physical entity of Ontario Air Ambulance. For instance, we know that a lot of it was previously centralized at Sunnybrook. What I wanted to know was whether that was changing in any way. Is there still basically one location that is serving across the province in terms of its oversight responsibilities?

Mr. Bates: Yes, there's one dispatch centre, the Ontario Air Ambulance dispatch centre, which is the same. They have simply assumed our air dispatch centre, and the staff associated with it are providing that servicé. There is a base hospital, and in fact the OAA is now the base hospital. The staff at the Sunnybrook base hospital function for the OAA and provide aero-medical direction in the system.

Mrs. Munro: We can safely assume, then, that this has simply been superimposed on those existing features?

Mr. Bates: Yes.

Mrs. Munro: One of the areas that received some comment in the auditor's report dealt with the inclusion of software and the importance of creating the appropriate technology and software. I wondered if you could give us an idea about the extent to which that has already taken place and what we can expect in the future under the new leadership.

Mr. Bates: The current system—this is basically just an illustration of the current system—is patient-focused. The name of the game is to provide to the patient in the province the type of service that is necessary through the air ambulance system. This screen will reflect that. This is the sort of screen they utilize at the present time when a call comes in that requests air ambulance service. For instance, a request for a helicopter on-scene will provide—you've often heard of a helicopter responding, as an example, to a very significant motor vehicle collision on the 401 and the transport of the patient to Sunnybrook. About 15% of rotary-wing calls across the province are on-scene calls. You'll see that there's a medical transfer request, a trauma request, obstetrical, neurological.

These are all the types of things that are utilized when a call comes in to determine what type of service should be provided. That sort of system is what we call DFAFS, dispatched flight assistance following service, and that is currently in use at the medical air transport centre as it now exists. OAA, under its performance agreement with the ministry, has indicated that it will make some changes to the software system that is now in effect. Much of those will improve what we're doing and make it a better system for the dispatcher, the medical analyst and the flight followers, and provide the type of information the Auditor General is looking for. This system provides some of it. This system is patient-

focused. This system provides the medical analysts with what they and the flight follower need to do the job of getting the aircraft dispatched. It does not provide the type of backup information, the stewardship we require, as Mary indicated previously, that we will be getting from the OAA, and it doesn't provide what the Auditor General has recommended, but it will. The performance agreement has called for a change in the system within two years.

Mrs. Munro: Just a couple of other questions. With regard to the ambulance—that is, the provincial system and the bases—would they be subject to any kind of scrutiny with regard to usage and therefore flexibility in terms of moving? Are you in a position to analyze usage in a particular area and say, "We should actually have a base somewhere else. This base is not as effective as it could be." Is there a mechanism to make those kinds of judgments?

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Mr. Bates: Yes, there is a mechanism for making that sort of judgment. If you go back in history, the air ambulance system—and I think it's important to look at the historical perspective—started back in 1977 when the province first started providing air ambulance service. There was a major report done by an outside consultant at that particular time recommending where the bases for dedicated helicopters and fixed wings should be. Then there was a follow-up in 1994. Another outside consultant at that particular time looked at all aspects of the air ambulance system, including the bases, and indicated where those bases should be located. It said there were things you should look at. Obviously, medical hubs are important things. You must be close to hubs, particularly with a dedicated aircraft. You have to have the right type of airport facilities and you have to have hangars, so you have to be in a particular area where there are hangars available. You have to have fuelling for the organ retrieval aircraft. You have to have a longer, 5,000-foot runway, as an example. With respect to the remote areas, we're talking about heliports or helipads, and we have 230 of those spread throughout the province.

These things were looked at, and there was a followup report in 1996 that looked, area by area, throughout the province as to where service should be and where it should be changed. The Auditor General mentioned that nothing has been done since that point in time, or at least nothing to any great extent. Well, we have looked at bases, and what happens is the standing agreement operators, the fixed-wing people that I mentioned previously, are constantly looking at demand, because they have to be in the business. If they don't secure business from the air ambulance system, then they're not going to be there to provide service. So they're constantly looking at where we should best put our bases. And they move them around. Twice a year, they present proposals to us, and they may have different bases that they work out of. There are about 25 of those bases that they utilize, the eight carriers, primarily throughout the north.

Several years ago, we looked at cottage country and the fact that during the summertime, obviously there's an increased need for additional resources on the air ambulance side in cottage country. Now we move one of our helicopters from Toronto Island to Muskoka every summer. It's put there for three or four months each summer to better service cottage country. So we've looked at air ambulance bases.

But the fact of life is that you've got to be where the demand is. We can show you pickup locations as well. These are pickup locations across the province. It's difficult to see at this particular point in time, but the fact of the matter is, if you overlaid them with our heliports and our bases, it would look very similar. For instance, demand across the north—helipads match where the demand is, obviously. There's a big concentration of calls in Thunder Bay and obviously in southern Ontario. And we're throughout southern Ontario, so are meeting these particular ones.

Could it be better? Perhaps, and that's what the OAA will be looking at, I'm sure. But at this point in time, I'm satisfied that the bases are adequately located in proximity and meeting the needs of the operators, which is important.

Mrs. Munro: My final question at this point deals with the issue raised in the submission by the assistant deputy minister on patient billings. The information here is that less than 1% fell into that category for billing actual costs. I wanted to ask you about a potential comparison with the use of land ambulances, where people are asked to provide a relatively modest sum in relation to the actual cost of land ambulance service. I wondered if you have considered making a similar kind of process for people who use the service.

Mr. Bates: The charges for residents of Ontario with health insurance coverage are the same, whether it be air or land. What is contained in the Auditor General's report is reference to out-of-province or people who do not have OHIP coverage.

First of all, we'll put up here the number of patients transported so you'll get an indication of the volume of the types of movement that we're talking about here. We've got each province indicated down here. For instance, in 2004-05, which is all we have, this is the number of patients who were transported by air ambulance: out of Saskatchewan, 6; people from Quebec, 44; Prince Edward Island, 1; Nova Scotia, 2; Newfoundland and Labrador, 4; New Brunswick, 6; Manitoba, 50; British Columbia, 14; Alberta, 16. And there were about 75 more, I believe, transported from other places, primarily the United States, of course.

That gives you an idea of the volume that we're talking about and, as Mary indicated, 1%, because we transport 18,000 overall. That's what we're looking at with respect to the cost elements associated with this and the additional billing associated with out-of-province patients.

I'll give you an example as well of the billing, if you don't mind, as it may take place. This is a hypothetical movement. As I indicated, we have aircraft based in Thunder Bay. Just take as an example an aircraft based in

Thunder Bay that is dispatched empty to Kenora to pick up a patient who is non-billable, as we call it, or OHIP-covered, and take them to Winnipeg. That happens every single day of the week, multiple times. We're moving from Kenora to Winnipeg, because that's the tertiary care centre. That particular aircraft is in Winnipeg at this particular point in time. A call comes in for a patient who happens to be in Moosonee. Maybe it's a hunter from the United States. We heard of an accident last week. These things happen. So this is an out-of-province patient—

Interjections.

Mr. Bisson: That was absolutely hilarious. Good thing the mike was off.

Mr. Bates: So we're in Moosonee with a patient there—it could a hunter, it could be whatever—and whatever happened to that particular patient, he's billable. He's from out of the province. He's transported, under the direction of the base hospital, to Sudbury, and the aircraft goes back to Thunder Bay empty. According to an actual cost of billing, which the Auditor General is looking at—and that's a fair way of looking at it—what do you actually charge? It's difficult, because what would you actually charge a patient on that particular movement? Would you charge him from here to here to here and back to Thunder Bay? If you did, your cost would be \$12,300. That's what happens in numerous other provinces and jurisdictions; there's no question about it.

I just had an incident of someone in the Yukon—that happened there—a \$15,000 bill for that particular individual; transportation for a resident of Ontario. Our current billing practice—because we feel this is reasonable. We feel it's reasonable to charge this particular patient for the cost of the air, which is a standing-offer agreement, so much a statute mile, from Moosonee to Sudbury. We also add on a small amount for repositioning, a 0.5 factor. So that patient is billed \$3,300 at this particular point in time. Mind you, there's—what?—200 and something of these particular patients a year. That's the type of billing that is now in effect.

This is the type of billing that you will incur if you utilize actual billing. That's the situation, and that's what we feel is the right way to do things, to recognize the cost of the movement, to recognize the need, because we have to move the patient. No matter what, that patient must be moved to the care that's required for him or her.

The Chair: I think Mr. Bisson is next.

Mr. Bisson: Just on that particular case, because I get the phone calls in northeastern Ontario, in my riding, from people who are Ontario residents and end up in a car accident in Quebec. Then I call the dispatch centre to get the ambulance to pick them up and bring them back to Ontario. In a particular case like that—let's say it's a Quebec citizen—would they then just bill their provincial health system and recoup the cost? Is that what would happen?

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Mr. Bates: Perhaps you can repeat your question?

Mr. Bisson: First of all, you wouldn't dispatch that, would you, because you've got planes at Hearst, Kapus-

kasing and Timmins, so that's probably not a very good example. But let's say that you have a Quebec patient in Moosonee who ends up at the Weeneebayko hospital, and you've got to transport that person to Timmins, let's say. You're then just going to charge them the actual miles flown. In other words, you're not going to charge the patient for the trip from Kapuskasing to Moosonee to pick up and come back down.

Mr. Bates: But there's a factor.

Mr. Bisson: I understand. I'm going somewhere else. My question is, this person gets a bill. They then take the bill, go to their provincial health system and recoup it?

Mr. Sapsford: Depending upon the policy of that provincial government. Each province would have an independent policy on ambulance services and what portion the patients pay. But yes, they would submit it as part of their plan.

Mr. Bisson: That being the case, why wouldn't we actually charge them the full cost and have the other

province pick up the bill?

Mr. Bates: Generally—let's look at Ontario.

Mr. Bisson: I can understand it if a person is uninsured, but if they're insured through another provincial health system, we—Ontario—are subsidizing Quebec, Manitoba or whoever.

Mr. Bates: Generally, out-of-province ambulance service is not insured. I gave you an example of someone from the west. A person from Ontario utilizing an air ambulance in another province is not insured.

Mr. Bisson: What happens if you pick up an Ontario patient who was in a car accident, let's say, in Val d'Or, and you send the air ambulance to pick them up and bring them back to an Ontario hospital? Who picks up the bill?

Mr. Bates: That is picked up only if it's cleared ahead of time; we provide our services and we're told to go and pick up an out-of-province patient. Otherwise, we do not

go out of the province to pick up.

Mr. Bisson: I don't know if you get the same thing, Richard, out in eastern Ontario, but once a year, I'll get a call from somebody who will say, "My father had a heart attack," or a car accident or whatever it might be. They happened to be somewhere in Quebec. The Quebec system says, "If you stay here, we're going to have to charge you, because you're not insured in Quebec." That's the argument that I'm given, anyway. So they have to get the patient back. Now, more times than not, you can do it by land ambulance if the person is stable, but every now and then, they have to do it by air. In a case like that, would it be the OHIP system or the Ministry of Health that would actually absorb the cost of transferring the patient back?

Mr. Bates: No. In 1995, ambulance transportation out of the province was removed from the Health Insurance Act.

Mr. Sapsford: The point you made, though, about Quebec saying that Ontarians aren't insured for health services in Quebec—

Mr. Bisson: Well, they try to get them out, is what happens. The hospitals will push them. They're going to

pay, obviously, but they're going to push the patient out because it's a cost to them. They want them back in Ontario.

Mr. Sapsford: Right, but I guess the point is, to answer your question, ambulance services to transport back are not part of what we would pick up normally.

Mr. Bisson: Well, we can get into a whole discussion about why I think it should be, but that's for another time. Anyway, I've got a couple of other questions, actually, in another direction, but I thought that was interesting.

First of all, let me explain. I'm from Timmins-James Bay, so I service the James Bay coast and Timmins. I'm also a pilot, so I get to talk to a lot of the guys and women who are flying either the fixed-wing or the rotary-wing air ambulance units up in Moosonee, Timmins or wherever they might be. There are a number of things I've observed over the years, and this just gives me a chance to raise them with you.

One of the complaints I get from the land paramedics is that often there is a change in order from doctors when it comes to transferring the patient, far too many times because the land ambulance system on the James Bay is controlled by the land ambulance system out of Timmins. So you have a base doctor at the Timmins hospital who's giving the paramedic information about what he or she should be doing with the patient.

Here's a scenario: You have Attawapiskat. A person has a heart attack and ends up at the hospital. The Weeneebayko hospital, through telemedicine, will basically triage the patient with the nurses there. An order will be given by the doctor that X medication has to be taken, whatever IV drugs have to be pushed. Now that is an order that is basically being followed by the hospital. The patient then falls into the land ambulance system to be transported to the airport to be put in the air ambulance system. Now you've got a base doctor in Timmins who has responsibility for the patient on that trip from the hospital in Attawapiskat to the airport, which is a transportation total of around four minutes. What that means is that the doctor in Timmins at the base hospital is now in charge of the patient, looks at the thing and says, "Change the medications, change the IVs," whatever they have to do. The paramedics are now under the direction of the base hospital out of Timmins, so they've got to change medication. They get the person into the air ambulance. Now they fall under the base ambulance of the base system out of Sunnybrook, so the doctor in Sunnybrook says, "No, no, no. Now we need you to change the medication again."

The complaint I get from the paramedics is, we should have a more streamlined approach as to who is in charge of the patient. One of the suggestions I've been given—I don't know if this is feasible; I've never looked at it in any detail—is that maybe one of the things that we need to do is take the land ambulance services on the James Bay and put in part of the air ambulance system so that at the very least it's the attending doctor in Moose Factory, out of Weeneebayko hospital, who would do the initial

order, but then they'd be under supervision of the base hospital out of Sunnybrook for both the land and the air ambulance, so you wouldn't have this confusion of what to do with the patient. Your comments?

Mr. Bates: That's a very valid question and probably a very valid answer, in the sense of what is under way right now in the base hospital system is a consolidation of base hospitals. That was recognized, as 19 or 21 base hospitals probably isn't the way it should be done. There's a consolidation now taking place down to six, I believe. One of those, perhaps—and your recommendation for Sunnybrook is something we should carry back to the air ambulance system to have a review of, because I think that's a very good point that you've made and something that should be followed up.

Mr. Bisson: If you can give me your card before you leave, I'll put it down in writing. But I'd ask, don't take my word for it. I'm not the paramedic, I'm not the doctor. So there may be some reasons they're doing it this way. All I know is that the paramedics often, when I see them on the ground, are saying, "Oh, there we go again." It's a bit of a trauma for the patients as well, because they're confused, they don't know what's happening and all of a sudden there's all kinds of confusion as to what drugs to push and what to do when it comes to the treatment. So if you give me your card, I'll give you that. I'd ask you to consult with the James Bay and the Weeneebayko hospital and the base hospitals to see if that makes sense.

On to another issue: Again from a pilot's perspective, I notice in the annual report, the auditor, rightfully so, says there is an increasing number of cancelled calls. As a pilot, we listen to 126.7 as we're flying around and we hear air ambulances talking back to flight centre, either if you're out of Toronto Centre control or you're just on class G airspace. Often you'll hear a cancellation while up in the air. I hear that probably more often than I should, as you pointed out in your report. One of the suggestions I would make—and it's just an observation that I make and again needs to be looked into-part of the problem is that as you looked across—can you put the chart of the northern bases up there for both the Kenora and the Timmins-James Bay area? I'll explain what part of the problem is. I don't know if this is going to solve your problem, but I think it will solve part of it. All of these communities up here, which we're not seeing—Moosonee, Attawapiskat, Big Bear Lake and all those places—have no weather reporting system. So as a pilot, you get in your plane, you get a flight briefing out of London, and London will say, "Here are basically the flight conditions." The pilot needs to make a decision-"Do I or do I not fly?"—based on the information they get. If they're within the minimums, the pilot will take off IFR and they'll fly up to Attawapiskat. They get to Attawapiskat and it's below flight minimums, right? So they end up flying all the way back, and then you have to pay the bill, because the person has been dispatched.

One of the simple solutions, it seems to me, is to do what they do in Moosonee and probably a few other

communities like Sioux Lookout or whatever, and put in what they call AWASs, which are the automatic weather aviation reporting systems. When I fly up to Moosonee, I can tune in to their frequency and it'll say, "Moosonee automated system. Flight conditions now are ceiling such and such, wind such and such, altimeter such and such," so that you can actually make a decision if you press on. If you had that, the pilots would be, at the very least, able to get that information because it would be all relayed back into London and you'd be able to make a decision on the ground before you go.

I know this is federal jurisdiction, is what you're going to tell me. I'm not a big fan of federal governments, for all kinds of reasons, but it seems to me that one of the things the Ministry of Health has got to do is become a partner in trying to broker a solution. It seems to me one way that you can reduce a lot of aborted flights, or cancelled flights, would be to try to pressure the federal government to put AWAS systems in those communities where we need to fly into. Your comments?

Mr. Bates: Again, I'm sure it's a very valid comment. Not being a pilot, but recognizing your ability, qualifications and experience, it's a very valid comment that we'll carry back to the Ontario Air Ambulance Services.

Mr. Bisson: How many of your cancellations are en route? Do you know?

Mr. Bates: Yes, we know that perfectly.

Mr. Bisson: I didn't know what the numbers were.

Mr. Bates: No, I know. It was a little difficult. The concern of the Auditor General was the rotary-wing, not the fixed-wing, because that was down around 6%, and, as Mary said in her presentation, you can't avoid some cancellation.

Mr. Bisson: I'll explain why that is, but go ahead.

Mr. Bates: All right. As far as rotary-wing flights go, we have to be aware of the fact that there are many legs to rotary-wing flights. A flight always consists of more than one leg, at least two, and sometimes five or 10 legs. We'll give you an example here as background.

Mr. Bisson: What they're getting at is you dispatch from Sudbury and you've got to pick up fuel on the way up.

Mr. Bates: This is not Sudbury, but this is Toronto, one helicopter in Toronto, what we call 799. We selected a week, because we're concerned about cancellations too, rightly so; the Auditor General is concerned about that sort of thing.

So we went through a week of calls for this particular aircraft, and it gives you the legs we dispatch from Toronto airport, where it's based: Toronto to Buttonville, Buttonville to CHEO in Ottawa, CHEO to Ottawa International Airport, Ottawa back to Toronto. Of all of these particular legs—there were 46 legs associated with 15 flights in that particular week for that particular rotary wing helicopter—we had five legs cancelled. That's 11% of the legs.

In our experience, you have to look at the legs as cancellations. The auditor looked at flights and didn't take into consideration the legs. Of those flights that the

auditor looked at, 6,100-something flights indicated that 27%, I think, were cancelled. That's what the report indicated at a particular time. We looked at that particular instance as well. Of those 6,000 flights that the auditor looked at, 1,432 were cancelled before they left the ground.

Mr. Bisson: Most of them are, yes.

Mr. Bates: I mean, that happens, because for various reasons it happens. There's no question about it. The patient expired before the aircraft got off the ground, or there's an air problem, just as you indicated, Mr. Bisson. That happens on a regular basis as well. Flights are cancelled before we get off the ground.

One thousand fifty-two legs were cancelled in that particular area that the Auditor General was looking at. That equates to 6% of legs, similar to this, where we came up with 11%. That, to us, is expected and reasonable, and you have to look at the legs. We had 17,000 legs in that particular time for 6,000 flights. So although it looked as if 27% were cancelled, the actual fact is 1,000 were done before we even took off. So they weren't even flights, if you will, and 6% of the legs were cancelled.

Mr. Bisson: So in flight, how many, roughly?

Mr. Bates: In flight: 1,052.

Mr. Bisson: Just again, on the difference between the fixed- and the rotary-wing, the big difference—I've still got time, or on to someone else? Okay.

On the fixed-wing, there's obviously a little bit of a different situation. The pilot gets a briefing, and away they go. The flight minimums are much lower for a rotary-wing than a fixed-wing. So your minimums going in to Attawapiskat, if I remember—I think it's 300-and-some-odd feet; for the choppers it's probably somewhere around 70 feet.

The problem for the choppers—I'm talking to the pilots up in Moosonee, where they're based—is they have no way of knowing what the weather is where they're going. Far too often they are dispatched, they get to Albany, or wherever they might be going, and they're not able to land because the minimums are below what they're able to land. But they had no way of knowing that before they left. All you can do is, somebody at the other end of the phone is saying, "Yes, I see cloud." Well, that doesn't tell you anything, as a pilot. So again, it would be a good idea to talk to the feds and get them to do something for a change, like help the province deal with this particular issue.

You had a slide that you wanted to show, but I'm sure I can look at it after.

The other thing I want to just raise: Do you have problems with uninsured patients? I'm not talking about out-of-province, but people who don't have health cards whom you have to transfer, specifically out of the northwest and northeast part, First Nations people who don't have health cards. Is that an issue for you, the uninsured?

Mr. Bates: No, because there is a method—and I'm not totally sure of the process for charging back. The federal government—

Mr. Bisson: Yes. There's the uninsured health program out of the feds.

Mr. Bates: Yes.

Mr. Bisson: Is that how you recoup?

Mr. Bates: Some of it, yes. It's not a major—

Mr. Sapsford: It would be through federal-provincial agreement, but access to the Trillium fund would—

Mr. Bisson: Let me say this, not only for your benefit but for the benefit of my friends, and I've been trying to convince people of this: A big part of the problem is that there is no method to register births in many of the northern communities. There's no office to go to, there's no provincial or federal infrastructure as far as being able to go to your nearest whatever office to get a birth certificate. The easy solution would be to do it online, but 90% of those communities don't have the Internet and most families don't have enough money to buy a computer. So that's the basic situation.

What we found is that with the base hospital, the Weeneebayko General, and the federal hospital, the James Bay General, the biggest complaint they have is that about 30% of the patients they treat are uninsured because they don't have a birth certificate and, thus, don't have a health card. One of the things we need to do—I've talked to Minister Phillips about that, and thank God he wants to work with us in trying to find a solution. Currently, my federal counterpart, Charlie Angus, and I do birth registration clinics. We'll go up at a significant cost through charter and go to all of the communities and say, "We're in the community for a day or two. If you need a birth certificate, come and see us." We do the processing of birth certificates. For example, in one clinic in Attawapiskat for one day we'll probably do 120, 140, which is a significant amount of work for my staff, as you can well imagine.

One of the things that I'm trying—not to convince you—to convince my friends of across the way: We need to find a permanent solution to registering births in those communities because it means that not only don't they get a health card, they don't get a status card. If they don't have a status card, the band doesn't get money. If they don't have a health card, it means the hospital runs a deficit because an uninsured program doesn't always pay if there isn't a status card. Do you follow? So you're in a Catch-22.

I was at a meeting with Health Canada a week ago over Weeneebayko. Their deficit on that issue last year was just over \$1 million worth of services that they couldn't recoup under the federal uninsured services program. So what we need to do provincially—and hopefully we'll get this done—is to get the province to work with the feds and to establish a mechanism at the hospitals so that, when a patient comes into the hospital uninsured because they don't have a health card because they don't have a birth certificate, there's a retroactive way of making the application happen.

I'm just looking for your support and I want to thank you from the bottom of my little heart and on behalf of all of the great people of the James Bay. That was just me doing my thing for my community. The Chair: Thank you for your speech.

Mr. Bisson: You're welcome. It was so much fun.

The Chair: Mr. Milloy.

Mr. John Milloy (Kitchener Centre): I learned a lot too from Mr. Bisson.

Thank you very much for the presentation today. I'm the rookie on the committee and I'm sitting here trying to think like an auditor. Can you help me just understand a little bit of the background of the sort of public-private of this organization? We're told that you spend about \$93 million a year. What is under the control of the Ministry of Health and then what is contracted out? The more we talk, the more confused I'm getting—if we start there. Are all the aircraft contracted out, and what's the basis for that?

Mr. Sapsford: The relationship between the new corporation and the ministry is what I would call a transfer payment relationship. We've agreed that it will be the service provider for air ambulance service and they have an agreement with the ministry in terms of the total dollars involved, the standards of performance and some of the indicators that you've heard about this morning. They are responsible, as a corporation, to provide the service. Some of it they provide directly with their own employees, such as the dispatch centre. What was formerly a ministry service that we provided directly, as government, was transferred to them so that they now provide it as part of their service. Then the actual delivery of the aircraft is done by external contract. So the corporation is now responsible for issuing the RFPs, developing the contracts and making the decisions about how those contracts will be structured. They're responsible for the delivery of the service, first of all; the overall management of it, the coordination of dispatch with the actual operators of fixed-wing and rotary aircraft, as well as coordinating the medical oversight part of it, which speaks to the paramedics, the training, some of the issues that Monsieur Bisson raised around coordination of medical decision-making.

1100

Mr. Milloy: So obviously the dispatchers are employees of the corporation. How are the paramedics and other medical personnel categorized? Do they work for the—who pays for the paramedics?

Mr. Sapsford: They work for the corporation. Essentially, the corporation is renting the aircraft, if you want to put it that way. But taking care of the patients, doing the dispatch and managing the actual process of transport is being done by the corporation.

Mr. Milloy: But if I'm struck ill somewhere, I'm in an air ambulance, and there's a paramedic beside me, who is paying that paramedic's paycheque? Is it the corporation?

Mr. Sapsford: Yes.

Mr. Milloy: So they're devoted entirely—they're basically in an on-call situation at one of the bases, sitting—

Mr. Sapsford: Absolutely. It's a 24-hour—yes, that's right.

Mr. Milloy: So in terms of the aircraft—and this is going back to both the helicopters and the airplanes. I'm just trying to follow up on what Mr. Zimmer was asking, maybe from a slightly different angle. Those aircraft, presumably more the helicopters than the airplanes, have to basically be on call 24 hours a day. They are of no other use to the owners of them, in a sense?

Mr. Sapsford: Correct.

Mr. Milloy: So they can't be used for any other purpose.

Mr. Sapsford: They're dedicated aircraft, and that was the difference between what is dedicated and what isn't, and what's on standby. So there are various arrangements based on the requirements that the corporation decides.

Mr. Milloy: Looking at what Mr. Zimmer was raising about competitiveness, I'm going to ask—well, I'll ask the stupid question. Why don't we own them? I'm trying to look at the competitiveness and think, where is the value added in having it contracted out? Where would potential savings be in terms of—I mean, the auditor's report talks about costs going up by \$500,000. Why has this really evolved so that we're contracting them out? I realize there are different categories. There's an airplane that might be transporting an organ. But I'm talking about a helicopter that's sitting there 24 hours a day, on call, doing the work.

Mr. Sapsford: I think Mr. Bates talked a little bit about that, but it has to do with the specialty and who is in the business of providing what service. I guess the argument I would make is that the Ministry of Health isn't in the business of flying helicopters, maintaining them and so forth. It's a specialized business that others can provide on a contract basis, I would argue, more effectively and more efficiently than we could ourselves. But there is a requirement that some of the aircraft are devoted 24/7 to this specific purpose, whereas a larger number are not. They're on standby relationships.

Mr. Milloy: I'm just going to pursue this. We don't do that with fire trucks. The Ministry of Natural Resources owns airplanes that fly around. As I say, I'm trying to come to Mr. Zimmer's question or the question raised by the auditor about competitiveness and going outside, going to different companies. I'm sort of thinking, where could an increased competitive atmosphere—where are the savings going to be? Fuel costs are fixed and transport costs. What are the different categories that are going to go? But then the obvious question is, what sort of value is it to third parties to have these companies doing the work as opposed to our just purchasing whatever it would be—the top-end helicopters that we need to have 24 hours a day?

Mr. Sapsford: I guess I repeat myself. The ownership and operational function owned and operated by the ministry is not a model that we've pursued in the delivery of air ambulance. The ministry has been trying to identify what business it is in, and has pursued a strategy over a number of years to move away from direct service delivery into these transfer payment arrangements. I

suppose it would be a point to discuss with the new corporation, whether over time a different business decision could be made about whether they own the hardware of the helicopters, as opposed to doing this contracting relationship. One could contemplate that, but that's not currently the way it's structured.

Mr. Milloy: But you can see my point. If this was a case where you had a helicopter that you needed three hours a month—

Mr. Sapsford: I agree, it's a make-or-buy decision. For this particular service, given the high speciality of aviation—the helicopters and the hardware and the standards involved—the decision, to this point, has been that it's a buy decision and not make.

Mr. Milloy: What are some of the categories of costs? Again, the auditor has raised concerns about competitiveness and other issues. Is this a situation where a provider would be paid a lump sum and then so much per call in the sense of cancellations? Are cancellations an issue where there would be significant cost savings in that if you get the call and then it's cancelled, say, on the ground, they're going to bill you?

Mr. Bates: Good question there. Again, I say there are two types of systems. One is a fixed-wing standing agreement, which is, as the deputy said, on call, waiting for a call to come in. We don't pay them unless we utilize those particular aircraft operators. The rotary-wing, on the other hand, and the fixed-wings in Timmins and Sioux Lookout, are on dedicated contract to the Ministry of Health, or at least to the OAA at this particular point in time; the contracts were assigned to the OAA. Those are costs for the provision of the aircraft and the aircraft crews associated with it around the clock, 365 days of the year. It's up to us to ensure that we can utilize those aircraft properly and that they are positioned in the places where we can effectively utilize those particular aircraft.

There are additional costs. But when one of these dedicated aircraft flies, there is no additional cost other than things like landing fees, or if they have to weather over somewhere or their hours are over and above the maximum, we have to pay for their accommodation costs. Other than that, all costs of providing service are included in that annual contract.

Mr. Milloy: That's for the aircraft?Mr. Bates: Aircraft and the paramedics.Mr. Milloy: But not for the helicopters?Mr. Bates: For the helicopters, yes, certainly.

Mr. Milloy: Oh, okay. I thought you said there were two.

Mr. Bates: There are two types. There are the fixed-wing standing agreement operators, which are basically in the north, and we use those as necessary. The balance of them are dedicated aircraft, as we call them. The preferred and critical care and the fixed-wings in Sioux Lookout and Timmins are under contract to us. Those aircraft are there for us to utilize, including the spares, to make sure that the service is available when the patient needs it, around the clock, as the deputy said.

Mr. Milloy: So cancellations, then, don't affect—

Mr. Sapsford: Not very much.

Mr. Milloy: Are there any categories of cancellations that would affect the costs?

Mr. Bates: On the standing agreement, if we send a standing agreement aircraft operator out, we pay per mile, and if it's cancelled, for whatever reason, we pay.

Mr. Milloy: Just to my initial question, where are some of the areas where we'd see competition? Are there areas where there are potential savings, where one carrier is going to say, "We can do this cheaper" or "We could have a different type of arrangement"? I know I'm arguing all sides of it, but I'm just trying to explore this whole issue.

Mr. Bates: When the contract is finished there's a request for proposals. The OAA also has to follow, as the ADM indicated previously, government procurement requirements. So it does happen at that particular point in time that there are in fact competitive processes to secure the procurement of air ambulance services.

Mr. Milloy: What would be the categories where you'd see different bids coming in? The cost of fuel is going to be the same. Just in general—maybe it's an unfair question. I'm just wondering, is there any flexibility in the system?

Mr. Bates: There is, because another competitor may have additional aircraft, better aircraft or whatever, that they can possibly submit as a proposal. They may be able to do things more economically from the viewpoint of maintenance. That's a competitive factor in the private enterprise business as far as provision of air ambulance services is concerned.

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As Mr. Bisson said, and quite rightly, it's a very specialized business. There are limited companies that can provide this particular type of service and they have to be knowledgeable, experienced and have the aircraft available to provide the service. These are very expensive aircraft, as I'm sure you can imagine, that we're talking about here. It's an expensive business to get into and an expensive business to maintain. But there are opportunities when the contracts come up for bids to be submitted, and they were submitted, from other contractors.

Ms. Kardos Burton: If I could just add to that, I think your question was extremely interesting and a very good question, as Malcolm Bates has mentioned. In terms of looking at why wouldn't we have purchased the equipment ourselves, I think it's the cost. The capital costs, rightly or wrongly, have been what has prohibited us from actually purchasing the equipment, or at least that's how we've operated.

The other point that I want to raise, and it's also in relation to the contracts when the proposals come forward, is the availability of medical personnel and the companies' ability to have that. So while some paramedics have moved and are in the process of moving over to the OAA, the operators also had some responsibility for medical personnel, and how they were going to do their business factored into it as well.

It's a good question you raised. I haven't done a study and I haven't seen a study on whether MNR's purchasing the equipment itself is cost-effective. I'm assuming if they've kept it that way it must be, but I don't know that. I think it's a really good question that you raise and it's something that we should always be conscious of in terms of our move forward in working with the OAA.

Mr. Milloy: So you're saying that in the past medical personnel have in a sense worked for the companies and been contracted. My understanding is that that's being changed now?

Ms. Kardos Burton: Yes.

Mr. Milloy: What's the process of that? Has that been changed 100% or is that—

Ms. Kardos Burton: No. My understanding is that it hasn't been 100%.

Mr. Bates: It's in process.

Ms. Kardos Burton: It's in process.

Mr. Bates: The OAA has taken over the services of the paramedics and the critical-care aircraft in Toronto, Sudbury and Thunder Bay. The preferred, I believe, are in process and they do have plans for looking at the standing-agreement paramedics.

Mr. Milloy: But is that a commitment, then, that over time that 100% of the medical personnel will work for the—

Mr. Bates: Yes.

Mrs. Liz Sandals (Guelph-Wellington): Just to follow up on that, I get how the 24-hour dedicated fixedwing and rotary-wing would work in terms of a private aircraft owner having a contract to have this many aircraft in these places 24 hours a day, and it's going to evolve so that the OAA employs paramedics. I presume the paramedics the OAA employs will be based in the same community as those 24-hour dedicated aircraft are based.

What I don't get is the standby. If you have a standby contract for a fixed-wing airplane, I assume that one day you're doing a medical transfer and the next day you're transporting flour or food into the grocery store or something; right? Yes. So you're doing different things each day, depending on where you're called. How do the paramedics work in those cases where you never know whether today you're shipping flour or patients?

Mr. Bates: That's a good question. Some of these standing offer agreement—and that's what you're referring to—operators in fact provide aircraft around the clock, because it's good business for them. They stay on air ambulance. But there are some that do exactly as you say. From day to day they change the type of business that they're in sort of thing.

Mr. Bisson: Mostly doing federal transfers.

Mr. Bates: Yes. They have a number of aircraft. They may devote a portion of their fleet to medevacs, as we call them; okay?

Mrs. Sandals: When we talk about medical transfers we're talking about scheduled medical transfers. So you say today, Wednesday or Thursday or whatever today is, "Next Friday this patient needs to be transferred to

Thunder Bay because they're having an operation." So you're booking a charter a week in advance, which means that there is a paramedic required to go with the person. Do you book that a week in advance, too? Or a nurse or something?

Mr. Bates: There's some of that, but most of it is in fact on an emergency basis or at least on an urgent basis, if you will: if they require, within four or five hours, assistance and movement of the patient. You're asking, I think—correct me if I'm wrong—about the paramedics working for those particular companies because they're not guaranteed a job the way the dedicated paramedics are. Is that correct?

Mrs. Sandals: Yes, and particularly if, as you're telling me now, it fills the gaps in emergency, everything that's dedicated is out. Now we have to call one of these

to go in for an emergency.

Mr. Bates: There are paramedics in every one of these towns, cities and villages working for the land ambulance system. Some of them in fact are working in hospitals and they can be utilized on board those types of aircraft. Those companies may have some dedicated staff because they have sufficient business to utilize those paramedics on a very regular basis and thereby efficiently pay their wages. But there are on-call paramedics, a roster, if you want to call it that, similar to what a hospital would have; a roster of individuals who they can call in when the need is there. That's what happens: They will have that type of availability of people who they know, and they will call when a flight is requested by our air ambulance dispatch centre. They will call those paramedics in to work on that particular flight.

Mrs. Sandals: So as the OAA takes over the responsibility for paramedics on this standby, will they have the flexibility to say, "In this location, standby is used frequently, so we'll have somebody that we pay to be the standby paramedic, but in other locations the standby is used infrequently, so we'll contract with some other organization to borrow a paramedic as required"? Will the OAA have the flexibility to come to different sorts of

arrangements depending on the—

Mr. Bates: This would be up to them, to develop their plans. But having employed all these other paramedics in the same organization, this is an advantage that they have over other entities. They already have a basis in the sense that they've got paramedics in, if you look at the map again, Moosonee, Kenora and so on. Wherever the dedicated bases will be, they will have paramedics there, a number of them; 12 to 14 paramedics will be available in each one of those places

Mrs. Sandals: So they could take somebody who's posted in Kenora and say, "We're going to have to pull in the standby aircraft, but we can also pull in one of the paramedics that we're already employing anyway to go on the standby aircraft," and we're already paying them

anyway.

Mr. Bates: Yes. That's one of the advantages of the OAA. I'm sure they will still maintain a roster because that's a good way of doing it, but they also have this extra flexibility.

Mrs. Sandals: Okay. Because as you showed flight plan, the rotary-wing thing up in Gilles's riding, but we've still got a paramedic to spare in Kenora.

Mr. Bates: That's right. They're based there.

Mrs. Sandals: Okay. I get it now, finally. Can we go back—

The Chair: Could I just ask a supplementary? We're going to a more expensive, costly system by doing this, in terms of the paramedics. Is that correct? Basically you're going to have new contracts, more full-time paramedics rather than part-time paramedics filling in these particular roles and people having dual roles in terms of the hospital. It's going to be more expensive. Is that correct?

Mr. Bates: The agreement with the OAA calls for the same funding that we have in the base at the Ministry of Health and Long-Term Care for air ambulance. It will be no more expensive for the government to provide that type of service.

What you're saying is quite valid in the sense that the OAA will have to look at those particular aspects and make decisions internally as to what is the best, most efficient and, as you indicate, the least costly method for providing the service.

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The Chair: As well, are we going to get some kind of break on the existing contracts we have with the providers because they are no longer responsible for this function? In other words, you're taking a huge burden off the backs of the contractees with regard to their responsibility to provide the paramedics.

Mr. Bates: Yes.

The Chair: The government is now taking this on their shoulders.

Mr. Bates: In essence, prior to the OAA, prior to January, the government was funding the carriers dedicated both for the provision of aircraft and paramedics. Subsequent to the OAA assuming responsibility last month, the government is paying the OAA the total cost of it. The OAA, of course, is paying less, as you indicate, to the aircraft provider and they're assuming the cost directly of paying the paramedics.

The Chair: Yes, but the payment for the paramedics is one thing. The administration and the headaches of getting the paramedics in place and being ready to be in place is also a huge burden to take off the shoulders of the private providers. What kind of compensation is the government getting for that? Are we getting a break on that in addition to the actual cost?

Interjections.

The Chair: Just let me ask my question and see if we can get the answer.

Mr. Bates: The cost to the government remains the same. There is a cost associated with providing paramedics, you're absolutely right. You're right, there are difficulties associated with it and, you're right, it's being removed from the dedicated operator and given over to the OAA who now must incur those costs and, as you

said, those headaches. The cost to the government does not change.

The Chair: I don't believe that, because I know what's going to happen. As with CHC in terms of their ability to meet whatever it is now, these people who are getting on the plane are the responsibility of somebody other than the actual company that's running the plane so there are going to be conflicts associated with getting the paramedics to the plane. The plane provider is saying, "I've got my pilot there. I've got my plane there and there aren't any paramedics," or they say to the OAA, "You make certain that these people are here," and they just wash their hands of it.

This is a beautiful set-up for the providers of the planes. This is a beautiful set-up. I disagree with you totally. I think the person who is contracting to provide the service should be providing the plane, the pilot and the paramedics, and it's their responsibility to ensure the people are there. You're letting them off the hook and the government is going to get nailed with a lot of costs because you just can't do it as well as they can. You will not be able to provide it. The OAA, which is a non-profit organization—we've seen what a boondoggle non-profit organizations are when you look at the GTAA, the Ontario—

Mr. Bisson: I strongly disagree.

The Chair: That's fine, but I'll tell you, this is the wrong direction to take.

Mrs. Sandals: As I understand it, however, no matter who pays for it, if you've got a plane that's sitting in the middle of a remote community, there's going to be challenges around paramedics. However, if you've got three different services all operating out of one location—for example, Thunder Bay—and you've got three different kinds of services—you've got the dedicated fixed-wing, the dedicated rotary and the standby-and formerly there were three different pools of paramedics, all three having to be maintained individually, the government was in essence by contract paying for three different pools, now we're consolidating into one pool of paramedics, which can be sent with whichever plane is going where. While we're never going to solve the challenges of paramedics that have to be picked up in remote communities, that's going to be a challenge of remote communities, just like professionalized service in remote communities is always a challenge. It doesn't matter how you model it. In the larger communities, where we've got larger dispatch centres, there may be some efficiencies by consolidating the pools of professionals. Am I getting the drift here?

Mr. Sapsford: Yes, you're understanding. The other point I'd ask you to consider just in this business about having the plane but not paramedics, remember that it's the responsibility of the corporation itself that's doing the dispatching. As they do the dispatch, they have to have the paramedics available to complete the call. You can't do one without the other. So the idea that you're going to dispatch and not have paramedics available but have a plane sitting empty all has to be taken together as part of that overall responsibility of the corporation.

Mrs. Sandals: Do I have one more question, Norm? The Chair: Yes, sure.

Mrs. Sandals: This ties in to the dispatch. So everybody is being centrally dispatched from the base hospital in Sunnybrook for the whole province. Is that correct?

Mr. Sapsford: Well, from the dispatch centre, yes.

Mrs. Sandals: So there's one central dispatch system for the whole province. The auditor has raised some issues around dispatch times. I take it that there's a tie-in with the software here in terms of the ability to look at what the response times actually are. When I looked at that mock-up you had of the screen, it seemed to me that there were different types of transfers there but it didn't identify the urgency. I'm assuming that you, having identified the type of transfer, then have to fill in some additional information somewhere else about urgency.

Mr. Sapsford: Yes, behind each one of those screens is then the clinical information that's required to complete the transfer, and urgency is one of them.

Mrs. Sandals: Because the medical transfer could be anywhere from "We need this instantly" to "We need this two weeks from now."

Mr. Sapsford: Yes.

Mrs. Sandals: In terms of the software, are you going to be able to break that down into different standards for different types of responses and then look at that reaction more accurately in the future, so that we're actually looking at whether we do emergencies quickly and some of the other things that may take longer to arrange?

Mr. Sapsford: Yes. The idea here is that the standards themselves will be built into the software itself, so that as the dispatcher goes about their business of gathering the information and doing the dispatch, when the orders are issued, that will automatically flag the clock so that you'll be able to automatically calculate these sets of management reporting, which would address some of the issues. The difficulty in gathering this information by hand is that you have to keep watching a clock for all of this, whereas the idea here is to build this right into the software.

Mrs. Sandals: So what the software will do is say, "Here's the start of the transaction; here's the time at the end of the transaction." That will be logged, which will automatically give you a response time. Then somewhere, as part of the process of that transaction, you'll have codified it level 1, 2, 3, 4, so you'll then be able to analyze and monitor properly what you're getting in terms of different types of service.

Mr. Sapsford: That's correct. Part of the accountability agreement between the ministry and the corporation is the specification of the standards and the reporting that we would require in order to monitor that appropriately.

Mrs. Sandals: So as we go to that new software, then, that's one specific thing that has been addressed in the new software. What other opportunities are there to address some of the other issues with the new software?

Mr. Sapsford: Well, other issues we've talked about here: Reasons for cancellation is another obvious one;

response times is another one; compliance with other types of operational standards. There's quite a wide variety of things that you could build in to the measurement system, but you have to decide what it is upfront, and that's the discussion that we're undertaking now.

Mrs. Sandals: Thank you very much.

The Chair: In terms of the OAA, who appoints the board of the OAA corporation? How is the board formed?

Mr. Sapsford: It's an incorporation under the Corporations Act. So they would be responsible for finding their membership and electing their board from the membership.

The Chair: Who's a member?

Mr. Bates: We can get that for you.

Mr. Sapsford: There would have been a starting list of membership. I don't know that as I speak, so we'll find that for you.

The Chair: So the government is not appointing this board?

Mr. Sapsford: No. It's a voluntary, non-profit corporation. It would be similar to a hospital board corporation or a hospital corporation.

The Chair: What does the CAO get paid a year?

What is the salary?

Mr. Sapsford: That, I don't know. We can find that information as well.

The Chair: Could you provide me with how many positions are in excess of \$100,000 a year?

Mr. Sapsford: That would be reported, yes.

The Chair: Thank you. Mrs. Munro.

Mrs. Munro: I wanted to ask a couple of questions. It's sort of following along the most recent theme on paramedics. Is there a difference in the training between that of someone who's serving in the land ambulance service and someone who's serving in the air ambulance service?

Mr. Bates: We have another chart, of course. This outlines the difference between paramedics: the primary care paramedic, the advanced care paramedic and the critical care paramedic.

The primary care paramedic is, if you will, the primary person on the land system. There are perhaps three or four times as many primary care paramedics in the system as any other type of paramedic. They provide, obviously, the basic care that a patient needs, including symptom relief, as we call it, semi-automated defibrillation, intravenous access and maintenance. So those are the skills of a primary care paramedic—two years through a community college to graduate as a primary care paramedic, certified by the ministry as an EMCA. That's the primary care person within the system.

Then there are advanced care paramedics. I think there are maybe 1,500 of those in the province out of 6,000 paramedics. They have not only the primary care, but built upon that are other skills, like medication, IV therapy, blood product, pulse oximetry, endotracheal intubation and all these other types of skills that they

provide. They require an additional training period of about six months through a base hospital or a community college that happens to be able to provide that type of system. Most of the air ambulance system provides advanced care and/or critical care. Primary care is the standing agreement in some instances, but the bulk of the paramedics in the air ambulance are advanced care or critical care.

All of the paramedics in a dedicated aircraft, as I mentioned before, are critical care, and they must be for the type of patient care that's required. Medications, pacing, maintenance of arterial CBP and catheters, lab, management of chest tubes and balloon pump utilization—all of these are very high skills that must be provided. They're basically trained through Sunnybrook to come up to that particular skill.

We have another chart indicating how many calls are handled by each one of the flights. In 2004-05, primary care was 34%, advanced care was 21%, and critical care was 45% of the flights that were undertaken.

Mrs. Munro: The reason I asked was simply because of the conversation we had a few moments ago about the fact that these people would then be moving from being part of the provider, whether it's fixed-wing or rotary, to now being part of the overall OAA. So my question really has to do with the methods the OAA is going to use to be able to demonstrate the kinds of efficiencies that come with having brought everybody into that same framework.

My concern is that, obviously, looking at the maps you showed earlier—the paramedics who would be onsite at all of these various places and the kinds of costs that would be associated with, as you showed us, for instance, going from Winnipeg to Moosonee and things like that—these people are going to be, I would assume in a fairly regular way, outside their own home base, like nightly, so there would be a lot of costs associated with the fact that to get back to their base may be overnight, may be an extended period of time. I'm not sure.

I'm wondering if you are looking at the methods by which you can create those efficiencies through deployment, and if this new organization then will be able to demonstrate that that kind of analysis of deployment—because to me that's the only purpose of changing from the relationship with a service provider to providing the staff now in the form of the paramedics. I'm looking for some evidence of that kind of analysis of deployment that would demonstrate those kinds of efficiencies.

Mr. Bates: Most of the critical care paramedics, as we said before, are on the rotary-wing services. That's London, Toronto, Ottawa, Sudbury, Thunder Bay, Kenora, Moosonee. Those aircraft have a range—I'm sure Mr. Bisson would be able to confirm—of maybe 300 kilometres. So they go out from Toronto up to the Bruce Peninsula and back. Generally, they're back from that flight. They don't overnight unless there's a problem with the aircraft or weather. Those particular paramedics are always back to the base, and if their time is up, there's another crew waiting to take over from them.

There is very little of that sort of accommodation cost associated with the rotary-wing, simply because it can only fly so many kilometres and they must get back. They have to get back because they're carrying urgent patients anyhow, so the idea is to get back as quickly as they can to the tertiary care centre.

Having said that, the fixed-wing critical care in Timmins and Sioux Lookout is what you're talking about. They make the longer trips, perhaps from Sioux Lookout to Toronto or whatever the case may be, and they do incur those particular overnight costs because they run out of flying time or they simply have to overnight. But it's not a large cost associated with it. I don't think that will change, because that's based upon the demand and the need in the hospital system in the province. We can expect that to basically remain the same no matter what the system is.

We also have a slide, if you wish, on the benefits of the new system, which might give you some insights into what we see as anticipated benefits from the consolidation within the OAA. Of course, the basic thing is the patients, because they're the ones we must focus in on; they're the reason that there is an air ambulance system. So it's improved patient care because they become the sole employer of paramedics, and rightly so. We've discussed that previously. The benefit is greater flexibility to ensure the right care is available on all flights. Patients receive the right paramedic level of care and the right aircraft because it's being analyzed at all times. When the call comes in, the medical analyst has to take all the information. It takes five minutes.

You'll see, again, "Reaction Times" listed in the Auditor General's report. There's a reaction time for the medical analyst to assess what is the need of a patient, what type of paramedic we need and what type of aircraft we need, and then it's given over to the flight planner as to where it is the aircraft will be sent from. So there's improved patient care from the right paramedics, the right aircraft and the medical oversight, because now it's all consolidated together. The doctors are in the same area, working for the same organization as the paramedics, as the dispatchers. It's consolidated, and there's obviously going to be a better opportunity to provide better oversight and better care as far as that goes.

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Public—there are all sorts of benefits for the public as well, and we've talked about some of these: improved service delivery, new medical dispatch protocol, greater access to air ambulances in the north. We are integrating air ambulance services and resources more effectively in the northern communities, as we discussed.

Air ambulance service providers: continuation of existing contracts, and the ministry retains control of the hangars. While it's an aside, that is another aspect of competition that will be assisted. If it is another competitor that, in fact, receives a contract in the future, the ministry has control of the hangars for the rotary wing and the fixed wing in each location. So, whoever the contractor who comes in might be, we know the hangars

are there. That's an integral part of a provision of air ambulance services. You must have the right type of hangars.

There are benefits for the health care system, part of which the deputy outlined previously: clinical expertise; operation responsibility. This all relates to what was recommended by the Commission on Accreditation of Medical Transport Services when they looked into the air ambulance system in the province and recommended the type of consolidation that the OAA provides to the province. This is an internationally known organization that looks at air ambulance providers across the world, and at this particular time there are only two that are, in fact, accredited by this organization: one in Alberta and us in Ontario.

Greater opportunity for research, because, obviously, the doctors now have the opportunity to look at things. The doctors at Sunnybrook are very organized towards looking at the research side of things and doing studies there on medicine for evidence-based health care decision-making, which is, again, part of the ministry's viewpoint: evidence-based decision-making for health care. That's very important.

Clarified lines of authority and responsibility through this new system: Again, I think the deputy alluded to most of these for the Ministry of Health and Long-Term Care. That allows the ministry, for instance, to focus on stewardship and oversight of air ambulance systems, such as setting air ambulance policy and standards, certifying and monitoring, inspecting air ambulance operators and paramedics, investigating incidents and complaints, and ensuring accountability objectives and a stable funding program. We have a stable funding program in the agreement with the OAA.

Paramedics—big advantages for the paramedics. Some of that, again, was alluded to by Ms. Sandals. That is, they have a training plan which focuses not only on clinical competencies but also on career. They can move up in the organization, they can move throughout the organization and across the province. They're not restricted to one operator. The whole province is there. They're setting up educational programs, programs to allow paramedics to pursue studies at work and programs that meet or achieve the competencies required for Canadian Medical Association accreditation. Of course, there are benefits for the Ontario Air Ambulance Services Corp., because they have an agreement to fulfill under a ministry agreement, and they employ the paramedics to provide greater flexibility to deploy paramedics where and when needed.

So you can see it's an advantage for all parts of the system to go with the consolidation of air ambulance under the Ontario Air Ambulance Services.

The Chair: Mr. Bates, could you provide the committee with the benchmarks and the measurements that are going to be necessary for us to evaluate whether or not this move was, in fact, successful, over the next few years?

Mr. Bates: Yes.

The Chair: So you'll give us, in writing, the benchmarks and the measurements that you will be using as we go forward?

Mr. Bates: Of course.

The Chair: Did you have any more?

Mrs. Munro: No, that's fine.

The Chair: I think Mr. Patten had one short question as a supplementary to one of the questions I asked.

Mr. Richard Patten (Ottawa Centre): My question is, does the government appoint any members at all to the board?

Mr. Bates: No.

Mr. Patten: Why not? We appoint people to hospitals, hospital boards and all kinds of things.

Mr. Sapsford: Only on very rare occasions are there provincial appointees on hospital boards. Those hospital boards are non-profit, private corporations under part IV of the Business Corporations Act.

Mr. Patten: They don't feel that way any more, believe me.

Mr. Sapsford: Well, legally, that's how they're constituted. As I say, there are a few hospitals in the province that have provisions for provincial appointees in their constitutions, but they're viewed as arm's-length organizations. This Ontario ambulance corporation has been structured in a similar way. But as I said before, we'll provide the details to the committee.

The Chair: Mr. Bisson. I'd say to the other members that we do have sandwiches next door, if you want to grab those as we finish up. I think you'll probably be the last questioner.

Mr. Bisson: Just a couple of quick questions; I don't have a lot of time.

I've got a particular individual who contacted me in my constituency who's in a bit of an odd position. In the transfer from the previous operator to the new operator, there seems to be some kind of a glitch in getting him transferred over. That is, he is a flight paramedic, he's been doing it for years, but he doesn't have a driver's licence. Because he doesn't have a driver's licence, there is apparently a rule that you guys have that you can't be a flight paramedic. I assume he doesn't need the driver's licence to pilot the airplane and I assume he's not going to be driving an ambulance. Why would you have that requirement?

Mr. Bates: It is in the legislation for a paramedic to have an F licence: He's right and you're right. There are occasions—it has happened and I'm sure it will happen in the future—in which the paramedic must in fact be available to drive a land ambulance, because at each end of a flight by an air ambulance, there is a land ambulance.

Mr. Bisson: Waiting, with a driver.

Mr. Bates: There have been circumstances in which a flight paramedic has been required—and in fact in some instances in the past, we had domiciled an ambulance at a hangar, for instance, for a dedicated aircraft, and utilized that, because sometimes there are delays in moving

patients from the airport to the hospital. So you have to be considerate of that.

Mr. Bisson: I know that talking to the flight paramedics—the ones I've talked to, because I checked this out when I was out at the airport one day when the guy raised it with me, and I said, "How many times have you had to drive an ambulance as an air paramedic?" The answer was, "Never." The people I've talked to—and it's obviously not a conclusive survey. Of the two or three paramedics—I've talked to—I'm talking flight paramedics—they have never had to do it, and they have 15, 10, 20 years of service. So what can we do for this guy? He's lost his livelihood, for God's sake. Are you going to fix it for me? Just say, "Yes."

Mr. Sapsford: We would rather say, "We'll go back and look at it." But if it's a legislated requirement, then—

Mr. Bisson: You're going to throw it back at me, is what you're going to do.

Mr. Sapsford: Let us go back and look at the requirement.

Mr. Bisson: There must be something under the regs. Again, I've got your card and I'm going to give you a letter on that. We've actually corresponded with the ministry, but I think my staff sent it to the minister's office when it probably should have been sent to you directly. Anyways, I just thought that was kind of interesting.

There is another thing that I ran across. It was a bit troubling, and I didn't get a chance to talk about it earlier. Again, this was just in meeting fellow pilots around the province. I was in Sudbury a while back, and there was a very frustrated air ambulance pilot who felt he was being pushed, a couple of days previously, to make a choice to fly when he thought the conditions were not conducive to flying. He was quite angry about it because he was saying, "The rule is, the pilot's in command." You make the decision: go, no go. It's not a dispatcher, it's not the chief pilot of the airline, it's you, as the pilot, in command of the aircraft.

I was just listening in to talk; I was getting some fuel there, maybe about a month ago. This particular guy was talking to his co-pilot. They were having quite an animated discussion about this, so I decided to find out more about it. It seems that, for some reason—and I don't know if it's particular dispatchers or there was some change within the operation of your organization. It's not a prevalent thing, but it's happened a couple of times. That troubles me both as a potential patient who may need to be transferred and for the safety of the crews.

Mr. Bates: You're absolutely right. It should not happen. The pilot has control over the aircraft and makes the decisions. In fact, if it happens, we should investigate, because it's not something that we can condone in any way.

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Mr. Bisson: We all know, as pilots, we're really macho; right? We like to show that we can fly in the worst of conditions and get from point A to point B. We can't put people in a position of forcing—what I thought

was interesting with this one is that because this particular pilot had refused, the dispatch centre had called the chief pilot of the airline in order to say, "Your pilot made a bad decision." These guys get licences, these women get licences because they make good decisions. They do check rides. You watch them. So please talk to your dispatchers, if you could.

Mr. Bates: Yes.

Mr. Bisson: The other thing I wanted—I've got six minutes; I can probably do this. Have you ever tried to do this without your glasses, Chair? I've written little notes here, and I just can't see a thing without my glasses.

Mrs. Sandals: Would you like me to come and help you?

Mr. Bisson: I probably can't read through your glasses, either.

Yes, there was the pilot issue, and I've got another one here. One of you had raised the question—it might have been you, Norm; I forget who it was—of having different service providers. You have dedicated providers who basically do the traumas. They're the people who are paid to be on call 100% of the time and fly people from point A to point B. You then have others who do air ambulance transfers, which is quite a different part of the business. You call those—what's the term for those, again?

Mr. Bates: Standing agreement.

Mr. Bisson: Yes, they have standing agreements; that's right. One of the odd things in the standing agreements is that it's much more lucrative for the aircraft operator to say no to a transfer if they have a charter, because a charter, quite frankly, pays more in some cases, depending on what the charter is, than they would get through the standing agreement with the Ministry of Health. I know it's a source of a bit of frustration because I've talked to some of your operators out of Timmins and Thunder Bay about this particular issue. I'm one who charters quite extensively on the James Bay coast, and I know that Howard does the same up in the northwest, so I've had a chance to talk to different operators. I've just asked them that, because it seems to me that somehow or other it's a bit of a disservice to the transfers. The doctors at the hospitals then are a bit frustrated because they can't move the patients out when they'd like to transfer

They thought they had an airplane, but they lose the use of the airplane. There's nothing in the contract to say that if Richard Patten has an airline company and you're on a standing agreement with the Ministry of Health and they call you to say, "You're going to have a transfer at 5 o'clock this afternoon from the Ottawa hospital" to wherever—if you get a call for a charter that pays more money, nothing beholds you to do their flight. It just seems to me an odd way to put an agreement in. It seems to me that you should have something in the agreement that basically makes sure that the plane is reserved for the use of the transfer.

Mr. Bates: I understand your point of view, but there are two other points of view. One is the competitive nature that we've already heard about. That is a very competitive segment. As I indicated before, they all submit their bids twice a year. They decide what they need to make money on that particular work that they have. If it is indeed producing more revenue for them on the charter, as you call it, flying you to Moosonee or whatever the case may be, then obviously they're going to take the more lucrative work.

On the other hand, we have, as we discussed as well, a system of dedicated, and we try to make sure that there are sufficient aircraft available to handle the most urgent needs.

Mr. Bisson: I hear you. Just because we're running out of time, I don't want to monopolize whatever time we have left, but I'll probably do a good job of it nonetheless.

The Chair: I'm going to cut you off in about a minute.

Mr. Bisson: That's what I figured. I felt the gavel of the Chair coming.

My point is that for those with a standing agreement, it seems to me that you should reflect on finding some mechanism in your standing agreements to basically say to those people who are doing the medevacs that there's a disincentive for them to say no to you. I've seen, especially up on James Bay, where there's some frustrated hospital doctor—Dr. Trussler or whoever I might be dealing with—who all of sudden says, "Jeez, I was hoping to get this patient out, but I lost my airplane."

Mr. Bates: I understand that, and you're totally right. But they have the option of bidding a higher amount for another aircraft, for instance, that we could utilize if they felt that was in their best interest to do that.

Mr. Bisson: But in their submission to get the work, obviously they've got to be the lowest bidder to get the job.

Mr. Sapsford: Or some thought around things like if your refusal rate goes over a certain rate, then there's another consequence.

Mr. Bisson: That's what I'm getting at. I understand the financial side of it. All I'm saying is that we need to think, within the agreement, of some mechanism.

Mr. Sapsford: In terms of the service.

Mr. Bisson: That's all I'm saying. Thank you, Chair.

Mr. Sapsford: I understand.

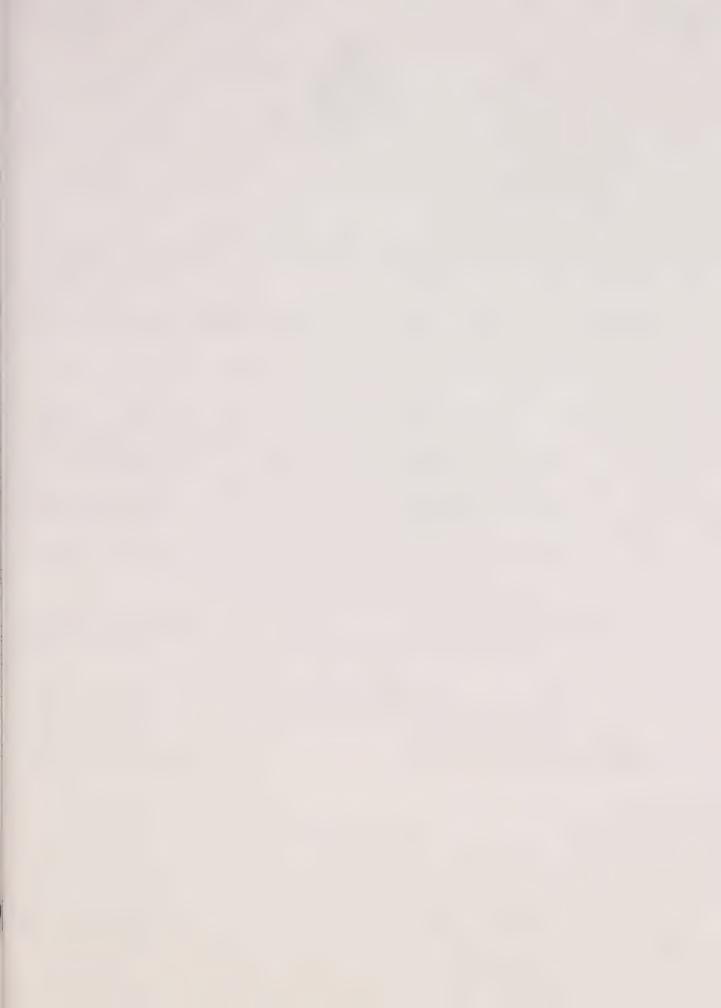
The Chair: On behalf of the committee, I'd like to thank Deputy Sapsford, Mr. Bates and Ms. Burton. You'll be forwarding the requested information to the committee. We would like to get that—within a month or so is probably fine in terms of the time.

Mr. Sapsford: Yes, I think that's acceptable.

The Chair: For members of the committee, we'll grab a sandwich, come back and then just discuss our thoughts with the researcher.

The committee adjourned at 1157.





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Standing committee on public accounts

2005 annual report, Auditor General: Ministry of Health and Long-Term Care

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 2 March 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 2 mars 2006

The committee met at 0946 in committee room 1, following a closed session.

2005 ANNUAL REPORT, AUDITOR GENERAL

MINISTRY OF HEALTH AND LONG-TERM CARE

Consideration of section 3.02, land ambulance services.

The Chair (Mr. Norman W. Sterling): Deputy, perhaps as we're handing out copies of your opening remarks, you could introduce the people with you. Then I would invite you to make your opening remarks.

Mr. Ron Sapsford: Chair and honourable members, it is my pleasure to be here today in response to the annual report of the Auditor General on Ontario's land ambulance program.

Joining me today are two of my colleagues from the Ministry of Health and Long-Term care, each of whom has considerable and detailed knowledge about this particular program of the government. Mary Kardos Burton is the assistant deputy minister of the acute services division of the ministry. She is here accompanied by Malcolm Bates, on my right, director of the division's emergency service branch, which is responsible directly for the land ambulance program. Mary Kardos Burton will present a prepared statement in a few moments. Then she and Malcolm Bates will make every effort to answer further questions you might have concerning the land ambulance program.

I speak for my colleagues here today, and the many other people who are responsible for delivering land ambulance services across the province, when I say that we welcome the findings of the Auditor General.

Unquestionably, the issues surrounding the provision of land ambulance services in Ontario are complex. However, let me stress that the ministry has a steadfast commitment to ensure that the highest standards, performance and accountability are maintained in the provision of these services.

Furthermore, the Ministry of Health and Long-Term Care and the municipalities share the common commitment to improve the delivery of excellent, affordable and timely pre-hospital health care services. I'm pleased to note that this commitment was recently reinforced by the government when it announced on February 21 that it

will spend an estimated \$300 million more over the next three years to achieve the 50-50 funding of costs for municipal land ambulance services. The target for closing the gap in costs in provincial funding is 2008.

As you know, under the Ambulance Act, municipalities and district services boards are responsible for the provision of land ambulance services within their jurisdictions and can modify services to meet their emergency response needs.

The Ministry of Health and Long-Term Care has a monitoring and regulatory role in the delivery of land ambulance services. This role reflects the ministry's shift toward being a strategic manager and steward of health care programs. In this new role of planning for and making wise use of our resources the ministry will be responsible for:

—establishing overall strategic directions and provincial priorities for the health system;

—developing legislation, regulations, standards, policies and directives to support these strategic directions;

—monitoring and reporting on the performance of the health system and the health of Ontarians; and

—planning for and establishing the funding models and levels of funding for the health care system.

In closing, let me stress that what won't change is the ministry's uninterrupted commitment to a level of service that stands up favourably to any and all scrutiny.

I'm now pleased to introduce Mary Kardos Burton, who will address directly the Auditor General's recommendations.

Ms. Mary Kardos Burton: Thank you very much, Deputy. It's my pleasure to join you today and to answer any questions the committee members may have concerning our province's land ambulance program, its operation and its expenditures. First, though, I'd like to provide you with a brief background about the program in Ontario.

Provincial funding for the municipal provision of land ambulance services is provided through an annual land ambulance services grant covering 50% of the approved land ambulance costs under a cost sharing agreement. As well, Ontario provides 100% of the approved costs for the delivery of land ambulance services to First Nations communities and territories without municipal organization.

Let me give you a few statistics to illustrate the scope of land ambulance service in Ontario.

Land ambulance services employ more than 1,000 ambulances, more than 300 support vehicles and more than 400 ambulance stations across the province.

Some 6,800 land ambulance paramedics and 800 ambulance communications officers handle more than half a million emergency and non-emergency inter-facility ambulance calls annually. These facilities include hospitals, long-term-care homes and medical offices. In all, more than 1.5 million requests for ambulance services were processed in 2004-05.

Now let me address the auditor's specific comments and outline the ministry's response to each one.

Responsibility for land ambulance services: First, the Auditor General has recommended that the ministry assess what is needed to ensure seamless, accessible and integrated land ambulance services regardless of municipal boundaries.

In response, let me say that this is an essential principle that is shared by the ministry and the municipalities through a memorandum of agreement. In emergencies, ambulance dispatchers always send the closest and most appropriate ambulance, which is consistent with the legislated responsibility of the municipalities to provide the services needed by people in their municipalities.

A land ambulance committee with municipal representation was formed in October 2005. The formation of this committee follows through on the province's commitment that, as part of the strong communities initiative, it would convene a municipal-provincial consultation committee to discuss municipalities' concerns related to land ambulance services and delivery. The land ambulance committee will be reviewing its advice related to this and, indeed, to a number of other recommendations made by the Auditor General concerning the ambulance program.

Second, the Auditor General noted that in the previous audit of emergency health services published in the 2000 Special Report on Accountability and Value for Money, the ministry was advised to work jointly with municipalities and the hospital community to develop and establish standards for non-ambulance medical transport services to address passenger safety; and to work towards the most cost-effective resources for the scheduled transfer of non-emergency patients. In response, the ministry appointed a lead to transform Ontario's medical transportation, and we've had people working on that since that time.

Response times: The Auditor General has made a number of recommendations concerning emergency response times. Recommendation one advises that the ministry and municipalities review current response time requirements for reasonableness and consistency and adjust where needed. Recommendation two advises that the ministry and municipalities work in concert to meet response time requirements. In response to these recommendations, we expect that the review of the advice presented by the land ambulance committee will help us in determining the best option to work with municipalities on response time standards and performance.

The third advises that the ministry should assess the costs and benefits of a fully coordinated emergency response system that includes strategically placed, publicly accessible, automatic, external defibrillators. In response, the Ontario health technology advisory committee last year asked the ministry's medical advisory secretariat to conduct a health technology assessment and policy analysis of the various components of a coordinated emergency first-response system. This includes response times and use of automated external defibrillators to improve cardiac arrest survival. Recommendations on the settings in which the defibrillators are practical and cost-effective will be considered.

In the next recommendation under "Response times," the Auditor General has advised that the ministry should monitor dispatch centre performance throughout Ontario to ensure they meet the required reaction times. In response, the call processing time performance of dispatch centres is now being monitored on a monthly basis, and where such times are not meeting the standard, an assessment is conducted to determine why. Once that has been determined, measures, such as staff training and additional resources, are used to improve performance.

In his next recommendation under "Response times," the Auditor General advised that the ministry, in concert with municipalities and hospitals, should minimize situations where patients have a long wait in an ambulance before being accepted by a hospital. The Minister of Health and Long-Term Care established the hospital emergency department and ambulance effectiveness working group last year. The ministry has reviewed the group's recommendations, and on February 21, 2006, the government announced a \$96-million action plan to reduce ambulance and patient wait times at hospital emergency departments. The plan calls for a collaborative effort between hospitals, land ambulance operators and other key stakeholders to reduce the impact of delays in hospitals accepting ambulance patients. The emergency department and ambulance quality implementation team will include chiefs of emergency medical services, emergency department clinical leaders and others. Ken Deane, president and CEO of St. Joseph's Health Centre, Toronto, has been appointed to chair this group.

Funding: The Auditor General recommends that the ministry and municipalities develop a better process to achieve a balanced and integrated system of land ambulance services. In response, the ministry review of advice submitted by the aforementioned land ambulance committee will include consideration of that recommendation.

The Auditor General recommends the ministry reassess its position on the size of municipal reserve funds allowed and consider, where warranted, third party or internal audit assurance on costs claimed by municipalities. In response, the ministry does monitor municipal spending, including reserves, to ensure that all related ministry funding is spent on land ambulance services. Based on how much money is needed for such future costs as vehicles and equipment, the ministry position is

that the accumulated reserves for most municipalities are reasonable. Where such reserves are large, the ministry obtains information on municipalities' expected use of the reserves and conducts follow-up, if needed, to ensure reserves are reasonable.

The Auditor General recommends the ministry and municipalities work together to facilitate inter-municipal billing to encourage quickest response time regardless of municipal boundaries. In response, it's expected that the ministry review of the land ambulance committee's advice will consider measures that relate to this recommendation.

Dispatch operations: The Auditor General recommended the ministry make a decision on its choice of dispatch protocols to help dispatch centres better respond to individual patient needs. In response, the ministry is evaluating one of many internationally used dispatch protocols as part of the Niagara Ambulance Communication Service pilot project, and will use this evaluation to make a decision on protocols.

The Auditor General recommended the ministry expedite its evaluation of the pilot project, particularly with respect to the issue of municipal versus centralized dispatch. The recommendation also advised that the ministry incorporate best practices and research from other jurisdictions in determining the right number, location and management of ambulance dispatch centres. In response, the ministry is committed to evaluating the Niagara pilot project in a timely manner and will use the valuable information to improve ambulance dispatch operations in Ontario.

Reviews: To better ensure that land ambulance service operators meet certification standards, the Auditor General made three recommendations.

First, he recommended that the ministry conduct a number of unannounced service reviews to increase assurance of consistent quality of practice by operators. In response, while the ministry does conduct unannounced spot performance reviews, in accordance with certification standards, service reviews of ambulance operators are announced in advance. This is because service reviews require a significant commitment of ambulance operator time and resources while the review team is on site. Conducting these reviews unannounced could disrupt the operator's delivery of services. In concert with municipal representatives, the ministry will review the certification standards and further assess the appropriateness and benefits of unannounced reviews.

In the next recommendation, the Auditor General advised that, when operators don't meet certifications standards, the ministry conduct the requisite follow-up service review and inspections on a more timely basis. In response, the standard is to send the draft review report to the operator within 60 days after the end of the review visit. The operator then has 60 days to respond to the review finding. Follow-up visits are then scheduled 60 to 90 days after the receipt of the operator response to the draft review report. The ministry will work with municipal representatives to review this standard to determine

the reasonableness of conducting follow-up reviews sooner.

The Auditor General also advised the ministry to clarify when director's orders should be issued, and under what circumstances there should be formal consideration of revoking the operator's certificate. In response, director's orders are reserved for infractions that have a direct bearing on patient care or public safety, or when a municipality is seen to be consistently failing to comply with legislation, or is failing to follow up on the recommendations of a service review. The ministry will review when director's orders or revocation of an operator's certificate should be considered.

To help ensure that land ambulance dispatch centres are effective and comply with ministry standards, the Auditor General made two recommendations.

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The first recommendation advised performing periodic reviews of the centres' operations, including a review of a sample of calls to determine whether they are handled and prioritized appropriately. In response, dispatch centre staffing has recently been stabilized, and a prototype service review has been piloted. A regular review of dispatch centres is being conducted with the goal of reviewing six or seven centres annually. The review process for dispatch centres includes a call sampling tool for reviewing call priority and management by call takers and dispatchers.

The second recommendation advised the implementation of a standardized quality assurance process to monitor and assess the overall operational performance of all dispatch centres and the individual performance of dispatchers. Such a process has been developed, and a pilot has been in place in four dispatch centres in eastern Ontario since last spring. The final quality assurance program will be implemented in all centres this month, March.

Base hospitals: To better ensure that paramedics provide quality patient care, the Auditor General recommended the ministry determine the optimal number and distribution of base hospitals which train, certify and provide medical direction to paramedics. The ministry should also ensure that base hospitals adhere to consistent standards in such areas as quality assurance and the continuing medical education of paramedics. A review has been conducted on the delivery of base hospital program services and has recommended consolidation of base hospitals.

Complaints and incidents: To help ensure that recurring potential problems are identified as soon as possible, the Auditor General advised that the ministry and the municipalities jointly develop and implement a process to ensure that the ministry receive adequate information on the nature and resolution of the more serious complaints made about land ambulance services. In response, ministry and municipal officials have agreed on an investigations protocol that addresses the operational practices of both parties when handling such complaints. Further consultation is scheduled to improve

compliance with the reporting requirements in the legislation and the protocol. As well, the ministry will continue to track investigations and their follow-up, and assess the type, nature and frequency of all complaints.

Performance measurement and reporting: To help ensure that ambulance services are accountable, and to support continuous improvement in services, the Auditor General recommended the ministry and municipalities establish pertinent performance measures such as response times, and report publicly and regularly on these measures. In response, it's expected that the ministry review of the land ambulance committee's advice will consider measures that relate to this recommendation.

That concludes the ministry's responses to the Auditor General's recommendations.

In closing, let me stress that what won't change, as the deputy said, is the ministry's uninterrupted commitment to a level of service that stands up favourably to any and all scrutiny.

The government further demonstrated this commitment on February 21 this year, when it announced that it will be spending an estimated \$300 million over the next three years to achieve a true 50-50 sharing of the cost of municipal land ambulance services by 2008. With this commitment, municipalities and delivery agents will be better enabled to meet the fiscal challenges they currently face in regard to the proper provision of land ambulance service within their jurisdictions.

I appreciate your kind attention today, and now my colleagues and I would be pleased to answer questions you may have, either today or in written form. Thank you very much.

Mr. Sapsford: Just one point: Mary Kardos Burton has another commitment and will be leaving and then coming back to the meeting, just so that you're aware.

The Chair: Okay. That's fine.

Can you just clarify the new announcement? There's been some confusion with regard to the 50-50 being based upon what will be the cost in 2008. Is that the commitment, or is the commitment of 50-50 on the basis of a benchmark year of 2003?

Mr. Sapsford: It was based on an estimate of costs scheduled forward, but I want to make clear that the absolute dollars are the working pool that the ministry has. So we'll be working with municipalities to ensure that costs of operation are, in fact, maintained within the allocation that we have.

The Chair: So to reach 50-50 now, how much would it take per year?

Mr. Sapsford: The estimate in terms of the dollars that are made available will take us toward that in 2008, I believe was the number.

The Chair: You have \$300 million, but are you estimating that the numbers in 2008 will mean that you are in fact sharing 50-50—50% of the 2008 costs as they will be then? Is that what the \$300 million—

Mr. Sapsford: That's what the estimate is, yes.

The Chair: Okay. But today, just to get 50-50 in this year, what would it take?

Ms. Kardos Burton: It depends on how you look at it. The projection is to get to 50-50 in 2008. There isn't an intention to necessarily get to 50-50 this year, but our estimates have been in the \$80-million to \$100-million area.

The Chair: So it would take \$80 million to \$100 million to hit it now?

Ms. Kardos Burton: Yes.

The Chair: Okay. The \$300 million, is that your contribution as you scale up, so it's a cumulative number, or is \$300 million the number you'll hit in 2008?

Ms. Kardos Burton: It's over \$300 million in 2008. It will take \$300 million to reach close to the 50-50 standard based on our current projections in 2008.

The Chair: So the spread will go from \$100 mil-

Ms. Kardos Burton: Up.

The Chair: Did you have a supplementary on that particular question, or do you have other questions?

Mr. Richard Patten (Ottawa Centre): No; other questions.

The Chair: Okay. Shelley first, then.

Ms. Shelley Martel (Nickel Belt): Thank you for joining us. Thank you to everybody who's here. I want to start in the context of understanding what that will do to response times. I was on that committee in 2001 as well and I'm seeing a lot of these things again.

My concern is that essentially the auditor's report this time showed a worsening situation in about 44% of municipalities with respect to response times. The government has made an announcement that, by 2008, we hope to get to a 50-50 cost share, but we know right now that 44% of municipalities have a worse response time and that's a 1996 response time, so it's 10 years old. What is this \$300 million going to do with respect to dealing with response times, (a) to ensure that municipalities are actually meeting the legislated response times, and (b) to make sure that the response time is more appropriate? This is 10 years later. I have to assume that in some communities the response time that's in place is not appropriate anymore for the population. Can I start with that?

Mr. Malcolm Bates: I think you've got a couple questions there that probably require answering, as usual. I know you weren't here last week, Ms. Martel, but we utilize these—

Ms. Martel: I'm sorry I missed you.

Mr. Bates: —to assist comprehension of what's going on. You're absolutely right. You've heard of ambulance chasers; we all have. Municipalities generally tend to be response time chasers, but they're serious about it, and here are some of the headlines that in fact we've looked at over the past few years from across the world, because the Auditor General, as I know you know, looked at not just Ontario but other jurisdictions.

We'll find that, for instance, "Local Paramedics Need Timely Improvement," from Ottawa. We see "Ambulance Response Time Improving," from Stratford, and "Ambulance Crews Face Faster Response Demand," from the BBC. In England, "Sweeping Improvements to England's Ambulance Service Required."

Here's where we get a little bit serious: "One Suspended in Ambulance Probe: A member of staff in the Wiltshire Ambulance Trust was suspended over figures for response times," again from the BBC. "Local EMS Cited as Being Slow," "Inquiry into Ambulance Services," "Ambulance Missed Response Time Goals," "Ambulance Services Accused of Fiddling."

It's very important as far as municipalities go. It's something we also take very seriously.

Let's have a look at Ontario. This is what you're after. Here are the 1996 standards that were referred to for each municipality. You can see the differential; in fact, differential between one area and another. That may seem close in the sense of characteristics of geography, population and so on. These are 1996 standards. They were based upon what the operators in 1996 in those particular jurisdictions achieved. I hope you can see. We go, for instance, from 10 minutes and 48 seconds in Niagara; 15 minutes in Haldimand; nine minutes in Middlesex; 15 minutes and 54 seconds in Grey; 19:57 in Bruce; Parry Sound, 27 minutes and 57 seconds; Nipissing, 13:32; the city of greater Sudbury, 12 minutes and 11 seconds; 21 minutes in Kenora. So we can see a great variation in response time standards as they now exist. You're absolutely right: They don't take into account the things that have changed since 1996. They don't take into account local characteristics. Those are the sorts of things we have to look at.

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Let's look at those that are meeting the 1996 standards. The green are meeting the 1996 standards. This is what the Auditor General pointed out. There are a lot of them that aren't meeting those particular standards. There are a few in the north that are meeting the standards that are presently in effect, but you can see the predominance is that they're not meeting those particular standards. But how far away are they? If you put the response time within two minutes of the 1996 standards, there are only a few that are not close to those 1996 standards. In fact, the predominance is that they would in fact be very close to the 1996 standards.

I think it's important to look at the principles of response time standards, because that's what it's all about. This is the National Association of EMS Physicians, a pretty skilled group of people, establishing their principles of response time. Here's where we, in fact, are adhering to their principles or not. For instance:

- —They define the elapsed time for an EMS dispatch notification to the time of arrival at the scene: Well, we're okay with that one; that's part of our standard.
- —Response time should realistically assess the resources and attributes of a community: Uh-uh, we're not there because we're looking at 1996 standards. Just like you said, that's not what we're doing at this particular point in time.
 - —Fractile response intervals: That's what we do.

- —Medical directors: We have a different system because we utilize base hospitals rather than individual medical directors for municipalities.
- --Prioritize the calls based on severity: Of course we do that.
- —Assessment of response times should be ongoing and change should be incremental: We haven't looked at them since 1996. In fact, we didn't even look at them in 1996; we just used what was there in 1996.
- —Response times will vary by community: Well, they do. We saw that rate variation by community.
- —Medical necessity and community expectations must be weighed: Of course we do that.
- —The plan should recognize non-traditional responders: That means automatic external defibrillation-equipped police, fire and other types of people. We don't do that. Our standards do not recognize the utilization of that type of first responder with AEDs.

Ms. Martel: I appreciate all that, but—Mr. Bates: We're getting somewhere.

Ms. Martel: Yes, because I've got lots of questions, and these are important issues. But what I want to know is, you announced \$300 million; you hope to have a 50-50 cost share by 2008. What is that going to mean for response times? Are municipalities actually going to be meeting their legislated response times by then? Are the response times going to be different to take into account some of these changes?

Mr. Sapsford: You're looking for a direct correspondence between the money and the standard improvement.

Ms. Martel: Well, I'm hoping, and I'll tell you why, Deputy. The auditor tells us that costs have increased by 94% over the last four years to provide ambulance services, and yet in his most recent report, two thirds of municipalities are not meeting the 1996 standard and 44% of those municipalities are in a worse position. So we're going to add more money to the system. That's great, because I recognize in my community, in my DSSAB, it's not 50-50. But surely some of this money is going to translate into actually meeting some legislated response times, so we're not here two years from now with an even worse situation in most municipalities.

Mr. Sapsford: With an increase in the funding and an easing of the current fiscal pressure on land ambulance services in municipalities, the intention of the ministry is then to complete this discussion with municipalities and, as Malcolm is illustrating, begin to apply some of these criteria to a redefinition of response times. From there, the ministry's role in terms of monitoring and management will be to move response times to an improved basis. So the direct correspondence between the money, I can't answer directly, other than to say that with the additional money it will allow us to move forward with the discussion and, one would conclude, improvements in performance.

Ms. Martel: So at this point in time, those discussions are going on at this committee. You are not in a position

to tell us where we might end up. I think that's the best way to describe it. You're hoping.

Mr. Sapsford: In quantitative terms, not at the moment.

Ms. Martel: When do you expect, then, that we would have a better understanding of what appropriate response times are for municipalities?

Mr. Sapsford: I would expect over the course of this year.

Ms. Martel: And that information will be released publicly?

Mr. Sapsford: Well, yes, the response times for ambulances will be.

Ms. Martel: You don't know what that's going to be yet, but you have set aside \$300 million, which you hope will represent a 50-50 split. So is there a possibility that, in fact, your estimate is wrong, because we don't actually know what response times we're moving toward at this point in time? I mean, your estimate could be wrong. It could be less than that, what you might need; it could be significantly more than \$300 million by 2008. Would that be correct?

Mr. Sapsford: Estimates are estimates. We will continue to monitor and move forward on this. I mean, that's the nature of the business we're in, but this is a good start in moving in that direction. So as I've said, the ministry's ongoing role will be to work with the municipalities and to begin to move the yardsticks on response times as a result of it, but we'll have to continue to monitor that over time, and if adjustments have to be made, then we'll look at it.

Ms. Martel: The committee is looking at a number of things. Do you expect they will have staged recommendations, or are we going to see all of these recommendations at the same time?

Mr. Sapsford: No, probably all at the same time. One of the going-in principles is that we look at all aspects of it. So the process of the committee was a series of working groups, and the topics were split down. Those working group reports will come back for a central discussion so that the work will be completed roughly at the same time.

Ms. Martel: Our note said spring of 2006. Is that still on schedule?

Mr. Sapsford: Correct.

Ms. Martel: So spring is June? April? Somewhere in there?

Mr. Sapsford: April, May, June.

Ms. Martel: Okay. Let me look at some of the other things that were referred to the committee, because I said at the start that one of my concerns was that we're seeing many of the same issues that were dealt with in the 2000 report and reported on by the public accounts committee in 2001. They were issues that were being looked at by a previous municipal ministry working group, at that time called LAISC, which I understand was disbanded in 2003. So some of these issues never went forward again.

Part of the concern that I have is, despite that, there were recommendations that had been made by various

groups that I would have thought could have been implemented, even as this working group continues its work. So can I just deal with, for example, the non-emergency schedule of transfers.

There was a May 2004 report of the land ambulance acute transfer task force that recommended that regulating medical transport services was the minimum required action to ensure patient safety. They called for a new provincial regulation to ensure patient safety. That was a recommendation that was also made by a consultant's report that was commissioned by the Ministry of Health in 2002. You're telling us that that issue is now being discussed by this committee, but since we've already had two recommendations for regulations, one in 2002 and one in 2004, why is it that we cannot move forward on at least some regulations regarding medical transport services to have that under way? Why did that issue go back to this committee when we've now had two separate reports that recommended provincial regulations to ensure patient safety?

Ms. Kardos Burton: I'll start in terms of responding to that. In the group that the working groups are doing right now, our mandate was to look at a number of the things over the last few years that have been irritants to municipalities and some to us as well. So we had a mandate to look at system improvements. This is one of them, as were the response times, which you mentioned earlier, and the inter-facility transfers and cross-border billings.

The positive thing is that we all agreed on the things. We and the municipalities agreed on the things that were kind of top priorities that we needed to look at. So the expectation would be that when we complete our work, when it's taken forward to government, when it's approved, the non-emergency part will be addressed at that time, but we were given a mandate to look at the whole system.

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Ms. Martel: I think you've named four—and I think I've only picked up two—items that were of most concern. So can you just give—

Ms. Kardos Burton: Response time, inter-facility transfers, cross-border billing—

Mr. Bates: Payment schemes.

Ms. Kardos Burton: —payment schemes, which I didn't mention, but Malcolm has for me.

Ms. Martel: Is the use of regulations still part of the discussion on the transfers, the use—

Ms. Kardos Burton: The method of what we'll use is part of the discussion. So it could be that, it could be other ways, but it is part of the discussion.

Ms. Martel: Let me just back up a little bit, because I'm not sure I understood "method of what we'll use." "Method being" which type of transfers would be most appropriate in which cases?

Ms. Kardos Burton: I actually meant regulation or non-regulatory. It's under discussion.

Ms. Martel: So even though there were two recommendations made, it's not clear that that will be the

outcome, that regulations will be the way the ministry is going to proceed?

Ms. Kardos Burton: Correct.

Ms. Martel: Would there be a reason for that, especially after two reports that recommended regulations?

Ms. Kardos Burton: There would have to be a reason for that if that's the outcome.

Ms. Martel: Can you share what the thoughts are of the committee around that then? Is that a fair question?

Mr. Sapsford: It's a fair question.

Ms. Kardos Burton: Yes, it's a fair question.

Mr. Sapsford: Not being familiar with the previous reports but more with this discussion, I think the focus of this discussion is on the actual implementation as opposed to what are the issues and what we are going to do. So the discussion is very much focused on how do we implement the changes, and in that discussion with municipalities, the subject matter of what's on the table is different. It may be that on some of these inter-facility transfers, we can do many of the things by policy, but it may mean that we must do some things by regulation, where we want the ministry's inspection functions or follow-up functions to be front and centre. It's not so much an either/or; it's which issues suit themselves more to the regulatory framework as opposed to what's more of a normal operational policy position.

Ms. Martel: The other item that you're dealing with, the cross-border billing, was one that was identified by the ministry, but it's one that's been identified in our community for some time with our district social services admin board. In a letter that I had done to the minister in May 2005, I pointed out that at that time the issue was costing our DSSAB about \$1.5 million. That takes in some of my riding and it takes in some other ridings. But it's not a large area, and it's got lots of small municipalities that aren't very wealthy and a number of nonorganized municipalities. What they said very clearly to me was that part of the reason this issue continued is that, frankly, they didn't trust the ministry's data with respect to cross-border issues. Is concern about the ministry's data being raised at the table again, and then what is the ministry doing to respond to that concern that I have at least heard from my local people?

Mr. Sapsford: The whole issue of cross-boundary billing is a complicated one. Some of the discussion went right back to the beginning in the sense of, should we have it at all? To me, the discussion is, which perspective are we going to take on it? I'll give you an example. The costs among municipalities vary. If an ambulance from a municipality that has a higher cost structure is working in one that has a lower cost structure, from that municipality's perspective it's costing them more for ambulance services than it costs for their own service, so there's a resistance to paying the bill.

The responses to that are two: "We can't afford to pay the bill," or "The ministry should adjust the difference so that we can pay the bill." As soon as you enter into that kind of discussion, it raises the question, should we be doing cross-border billing at all and trying to even the playing field and deal with cross-border ambulance services through the global granting or the general funding system? This has been the nature of the discussion. They're not very easy discussions, but I hope that at the end of this discussion with municipalities we'll be able to resolve it one way or another.

Because there is variance in the costs across the province for providing ambulance services, it gets into the situation of, "Do I pay more or do I pay less?" The ministry is going to have to try and find an acceptable way where we can get the largest consensus among municipalities.

Ms. Martel: Okay. I appreciate that response.

Mr. Sapsford: That would then address the question you're raising. One of your municipalities, obviously, is on the wrong end of that stick, from your perspective. As soon as you get into that discussion, issues about data become increasingly important because it becomes a per call charge. We're trying to look at different ways of handling the cross-border service issue, rather than just sticking on, "How much am I going to pay for a cross-border call?"

Ms. Martel: Can I reinforce how important it is to have some kind of positive resolution? I'm sure you're hearing that at the tables, but if I just look at Manitoulin-Sudbury DSSAB, their estimate of what they were owed for the services they had delivered was \$1.5 million. That was just between 2001 and 2003. My anticipation—I don't have the more recent numbers; I apologize for that—is that I suspect the money owed to them is even greater. This is a DSSAB that has municipal structures that are not wealthy, that are small, that have a very small tax base in a number of unorganized municipalities, with costs that are picked up by the province, but a year later-I'm going to get to that in another round of questions. This is a really significant issue for them and I suspect a number other DSSABs in northern Ontario in particular, not to mention smaller municipalities, rural municipalities.

Mr. Sapsford: We do recognize that.

Ms. Martel: Okay.

Mr. David Zimmer (Willowdale): Just two questions: You've got some ambitious plans. You addressed these various issues. How do you see the plans and the future of this issue interacting with the LHINs, which of course are sort of decentralizing health care management? Ambulances obviously have to at least interact with that whole LHINs structure out there, whether it's in the hospitals or long-term care, or all of the other aspects. Given that the mandates of the LHINs, or the expectation of the LHINs, is that there's a concept of decentralization and so on, how is that concept of decentralization of some of these health care management issues sort of mixed with the plans out of the ministry to keep a much closer grip on this land ambulance issue playing out? How's that world? What's your vision of that new world?

Mr. Sapsford: The role of the LHINs with respect to land ambulances is outside the fiscal and allocation authority of the LHINs, but at the local level the LHINs

also carry a planning responsibility for the health system as a whole. We fully expect that ambulance services, being a critical part of the health system response, will be engaged with LHINs in the operational and service planning for the future. For issues that touch on hospitals, such as emergency overcrowding and some of the issues there, as the LHINs begin to start these discussions with their local service providers, municipal ambulance services would be at that table looking for solutions. Their role with land ambulances would be at that planning, resource need assessment, as well as operational coordination and planning.

Mr. Zimmer: From your point of view, what difficulties, if any, do you see that world fraught with in terms of your mandate?

Mr. Sapsford: In terms of our mandate? I don't see any particular problems. I think our mandate deals more specifically with the quality of ambulance services and the benchmarking and some of the other issues that have been identified. The ministry will continue to work directly with ambulance services on their specific performance issues. It may be that in local planning, LHINs will identify issues related to ambulance services that then, in their role with the ministry, we will pick up. So I view the partnership very much between the ministry and the LHINs as being a productive partnership to resolve issues.

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Mr. Zimmer: If an issue were to crop up between a LHIN and the ministry on an ambulance issue, given the mandate of the LHINs, who in your view would have the last word, or at least the more senior word, on an issue?

Mr. Sapsford: On ambulance specifically?

Mr. Zimmer: Yes.

Mr. Sapsford: The ministry will be in the lead on it, but we're going to have to be, as a ministry, quite sensitive to the local situation. So if a strong position is coming forward from a local community through the LHIN that there ought to be a change in ambulance policy, or whatever it happens to be, my position would be that the ministry must listen very closely to that. The whole approach behind LHINs is that the community itself needs to take responsibility for its planning and decision-making around that local system. So while the ministry still has the statutory and regulatory responsibility for ambulances, on the actual operation of the system, we have to listen carefully to the LHINs' recommendations.

Mr. Zimmer: Given that response, and I appreciate that response, how would you sort out an issue if it became apparent that LHIN A had ideas and needs and was pushing for concepts that were perhaps in conflict with a similar sort of push-back or needs in LHIN B, given that the LHINs are supposed to be sort of decentralized? How will you avoid the situation of having an approach for LHIN A and perhaps an approach for LHIN B? How do we sort that out?

Mr. Sapsford: In some cases, that's to be encouraged, in the sense that part of the thinking behind LHINs is that

they are to instigate and encourage innovation. I don't pretend for a moment that the way the health system is currently structured and operated is the best we can do. The ministry wants to be in a position to encourage innovation and better ways to serve patients and citizens and communities. So part of our future role is not to be a brick wall in refusing to look at new ideas, but to be anticipating and encouraging new ways of thinking so that if a good idea comes up in one community that has general applicability across the province, part of the ministry's role is to be sensitive and to promote that kind of innovation.

I don't view difference—LHIN A wants to look at it this way versus another way—to be a negative thing. It needs to be balanced against provincial standards, because there are certain aspects of delivery where you want to have consistency across the province. But that's an evolutionary thing. As new ideas come forward and are adopted in one community, I'm anticipating we can take the benefit and improve the standard of service across the province.

Mr. Zimmer: So I take it there's room for both deference and differential approach to some of these issues vis-à-vis the LHINs?

Mr. Sapsford: That's correct, and that becomes our management challenge.

Mr. Zimmer: One last question, and this is sort of an observation, albeit anecdotal, on the huge cost of ambulance and so on: Just speaking personally, an anecdotal point of view, I have the sense that—we hear a lot about the misuse, for instance, of emergency wards; that is, people who go to the ER because they have a hangnail, and then that causes backlogs and costs and reportings and so forth and so on. I have the sense that there's somewhat the same phenomenon in the world of calling ambulances. I'm often in neighbourhoods or driving down the streets and I see, for instance, a fender-bender, and it can only be a fender-bender by anybody's kind of definition, and I see a police vehicle, I see a fire truck and I see an ambulance, and everybody is kind of milling about, and it turns out to be a fender-bender and everybody goes away.

I rather expect that kind of thing is repeated throughout the system in a big way—people calling ambulances or physicians calling ambulances—the misuse of the ambulance system, like the misuse of the ER system. It seems to me that one of the things we really need here is some sort of public awareness program or something that will make people less quick off the mark to call the ambulance, as we're working on this idea of making them less quick off the mark to trot into the ER.

To what extent is the overuse of ambulance services a factor in driving up the bad statistics?

Mr. Bates: There are a number of questions that you put there, and they're all very good ones. I understand you're from Toronto, because you're right up the street from our office. I pass your particular office on a regular occasion. What you're looking at in Toronto is Toronto's tiered response methodology, in which Toronto utilizes

fire and police for emergency calls. That's why you'll see in most instances—and I saw the same thing the other night going home from work. You'll see the first response vehicle, you'll see the ambulance, you'll see the fire truck and maybe the police. But that is their way of handling an emergency situation. It doesn't happen all across the province. There are, of course, tiered-response agreements in many municipalities, and that's good. The ambulance dispatch calls for a tiered response when required, and normally it's the fire department that arrives, because they are trained in first aid, CPR and defibrillation. So they will arrive on the scene usually before the ambulance. That's one of the things we were pointing out with respect to first responders, and we'll probably have a chance to show you a little more about that later. So it's a good thing for that to happen.

Whether the sort of thing you're suggesting in Toronto is overkill or not—maybe it is—that's a municipal decision and they have the resources to do it. I think they have assessed it on a number of occasions and probably found that's the best way they can handle it. The municipality handles the police, the fire and the ambulance. In other jurisdictions, they're different. As you know, the OPP are a different jurisdiction.

The other factor you asked about was utilization of the ambulance that perhaps may be inappropriate utilization. I'm not saying that doesn't happen—of course it happens. Calls come into the dispatch centres, but the dispatch centres have a very thorough screening process and they prioritize calls, from an urgent, life-threatening call to simply a non-urgent call where they can provide extra time for the ambulance.

There is an interesting experiment, if you will, that will be going on as part of the emergency department announcement that was made several weeks ago by the minister, and that is, in Toronto—again, we're in Toronto—to look at providing a caller who the dispatcher feels is not in a life-threatening situation with the number of TeleHealth, and in fact connecting them to TeleHealth to provide the type of service they need when it's not a life-threatening or urgent call that the ambulance needs to respond to. If TeleHealth can't help them and they think it is an ambulance call after all, then they will patch it back to the ambulance dispatch and the call will be handled by ambulance.

Another important aspect of that, I think—and it's something Ms. Martel referred to or alluded to—is the utilization of non-ambulance medical transportation providers across the province. These have increased considerably over the past five years, for various reasons. They are handling the greater percentage of transfer calls between institutions in the province at this particular point in time, the calls in which the patient is stable, doesn't require a paramedic, doesn't require a stretcher to handle it. Those particular medical transportation providers—and there are a lot of them now throughout the province—have in fact taken over 250,000 calls from the ambulance system that would in the past have been handled by the ambulance system. We've got a small chart here, of course, that will illustrate this to you.

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Mr. Zimmer: You've got some stats on this.

Mr. Bates: We do. We have stats on almost everything.

This is inter-facility, non-emergency transfers as that now exists. Land ambulance is handling maybe 39% of those calls; 250,000 or 61% are currently being handled by these non-ambulance medical transportation providers. Of course, the question was, should they be regulated? The deputy provided an answer for that, but I'll add to it. In fact, under the Highway Traffic Act, there is a regulation with respect to non-ambulance medical transportation providers, so there's already a regulation and that regulation also allows for municipalities to pass bylaws with respect to these particular operators.

You can see that a lot of the calls you're referring to that were handled by the ambulance have been moved over to this system. There's still work to be done there. We're not saying that all of these calls still need to go by ambulance, because some of them can probably go by other means. What you don't see on there are the 600,000 other calls, transfers that are handled by individuals, families, taxis, paramed services and all these other types of services that provide the necessary movement between institutions. So there's a lot going on in this area.

The Chair: There's about five minutes left on this round.

Mr. Patten: Let me be a little quicker, then. I'm curious about the whole set-up. We've got municipalities, we've got dispatch centres and we've got operators, which may be a city or a hospital or maybe even a private service, right?

Mr. Bates: Shall I answer that? In the sense of right

Mr. Patten: The actual operator of the system of sending an ambulance out from a dispatch centre to where the ambulance is and the paramedics and all that sort of thing.

Mr. Bates: The ambulance system is the responsibility of the municipalities, but there are these non-ambulance—

Mr. Patten: What I'm trying to look at is that we have some stats that have been going through for several years where the record is not up to scratch, with 40% of ambulance operators failing to meet certification standards during service reviews, even though they received advance notice of the reviews. That's not a very good system, somehow. So there have got to be a lot of built-in disincentives. There's not an incentive for a municipality to have a high record because it's always whining for more money, essentially. It wants more services, its staff are asking for higher salaries, and it wants better ambulances and the most up-to-date equipment etc. They're never in a position to say, "You know what? We're up to scratch. Everything's fine, great," because the ministry will just say, "You see? Don't come to us with any increased requests or requirements." It's the nature of the relationship, it seems to me. This isn't a criticism of you. I'm just looking at the dynamics of the relationship itself.

We go through these reviews, and the municipality is the operator and the auditor says, "You have to have a system in accordance with certification standards, service reviews, blah, blah, blah. Under what conditions will you decertify or pull the operator's ability to function?" Well, how could you do that if it's a municipality? What are the options there? Do you say, "Okay, we're sending in a trustee," or, "We're going to go to a possible private operator," or, "The province will take over the service"? What are your options if we've moved to the municipality having the chief responsibility for that service?

Mr. Sapsford: It would have to be that the province intervene in some way to manage it. We can't do without the ambulance service, so there needs to be continuous provision. In other regulatory frameworks, that is the model that would be used, so the ministry would move in some way to take over the management until the problems are corrected. It's never a permanent move, but rather a move to gain compliance with whatever the issue is.

Mr. Patten: Have we got the results of the Niagara pilot yet?

Mr. Bates: It's a five-year package. It was only opened about three weeks ago. I had the pleasure of being there. It started in 2004. The official opening was last week. The pilot extends until 2009. It's a five-year assessment period.

Mr. Patten: The auditor was suggesting to move along with that one. On the ones that you're doing in four areas of eastern Ontario—presumably Ottawa is one of them—where this was a pilot in four dispatch centres in eastern Ontario since last spring, the final quality assurance program will be implemented in all centres this month. That means action has taken place as a result of those pilots. Can you elaborate a little bit more on that?

Mr. Bates: There are several points to that, one being the ambulance communication service review, which is similar to the land ambulance review, and that's this particular chart. It utilizes a peer review process and a number of standards that the dispatch centres are measured against. The pilot has just taken place on that particular one and it will be extended beginning this year. We expect to do about three or four more in this year to review a dispatch centre from top to bottom. We described the certification review process last week.

There's also a quality review that I think you're also thinking of there, and that is the quality of the service provided by the actual dispatcher himself or herself. We've got a quality review chart here. It's hard to see, and I apologize for that, but it's useful. These are the particular utilizations. We have a call-taking audit form and a call-dispatching audit form. We have quality control people in almost every dispatch centre at this point in time, and we also have liaison people who liaise with the municipal sector, because they are our partners and we have to work with them. If there's a complaint, they work to resolve that complaint.

This screen, as you can see, talks about these, and they look at everything: Was the call answered within 10

seconds, yes or no? If the question is ambulance, what's your emergency and so on and so forth. They go through all the questions that are necessary to determine exactly whether it's an emergency or what type of call it is. So the dispatchers will be measured and reviewed on that type of screen and call audit system. We hope and we're sure that will also assist in upholding the quality. That's the pilot you're referring to in eastern Ontario.

The Chair: I'm going to go to Mrs. Munro, but before I do that and as part of our turn, I'd like to go back to the numbers. I'll try to get this straight in my mind.

On page 35 of the auditor's report, \$241 million was provided to municipalities in the year 2005. Your testimony before, Deputy, said that we were \$80 million to \$100 million short in terms of being 50-50 with the municipalities. That makes \$320 million, the 50% share in 2005. If the municipalities were 50-50, it would be \$320 million as well. So the total cost vis-à-vis what the municipality is providing is about \$640 million in terms of the service that's provided. Now, of course there's another \$120 million or so above that which you're providing for dispatch for 100% funding in unorganized

If you take the \$640 million then, and you say that in 2008 you're going to be providing about \$540 million for your half—if you take \$240 million plus \$300, which is your estimate—and you multiply that by two because the municipalities are going to have to come up with \$540 million, you're up to \$1.08 billion. So you're going from \$640 million to \$1.08 billion in 2005 to 2008, and that's about a 60% increase. You've already had a 94% increase on page 37. When does this end? When does it get any kind of control? Am I right in those numbers?

territories and aboriginal communities.

Mr. Bates: You're right about the start of the numbers. I think you mentioned before, was it cumulative in the sense of the funding? It is cumulative. You're close on the numbers with respect to the current situation at the 50-50 level. Over the next three years, the movement will be towards achieving the 50-50 level with all municipalities. Of course, there will be some inflation in that particular point in time, but the funding in total is \$300 million over the three years to bring the share to 50-50 at the end of the whole period.

The Chair: I understood that it was going to be \$300 million in 2008 that was going to be added to your part of the 50% equation. Is that correct?

Mr. Bates: It's a cumulative amount over the three years.

The Chair: In essence, then, it's \$80 million this year and a little bit more next year.

Mr. Bates: Yes.

The Chair: That's not what we were told before. We were told before, I believe by Ms. Burton, that it was going to be \$300 million, over and above the \$240 million in 2005, to make a total provincial contribution of \$540 million. Is that correct?

Mr. Bates: She may not have heard the cumulative—it's a cumulative amount. Your analysis is basically right,

in the way you're looking at the current situation moving to a share of 50-50 in 2008.

The Chair: What do you estimate the number for the provincial share of 50% in 2008 will be?

Mr. Bates: It will be about \$350 million, something like that. Don't hold me to that number, but it will be in that vicinity, depending upon what the inflation is. I can't tell you what the inflation will be between now and then.

The Chair: Okay. I very much misunderstood the answer. Mrs. Munro?

Mrs. Julia Munro (York North): I'd just like to take a couple minutes to deal with the issue of ambulances spending extended periods of time at hospitals. I notice that this has been one of the areas that you have looked at through the critical care transformation strategy which has now come out. I just have some questions to ask with regard to those recommendations and the monies that have been put forward as a result of that strategy, a number of little questions around this whole initiative. One of the ones I want to know is if you're able to give us a sense of the degree to which that problem of ambulance response time that we talked about earlier would actually be influenced by the kinds of times that are being spent by ambulances at hospitals. I wondered if you had any sense of how much that contributes to the problem of response time.

Mr. Sapsford: We do keep track of the amount of time that ambulances are waiting in emergency, and of course the object over a period of time is to reduce that. The intention of some of these initiatives, the critical care ones, specifically, that you've raised, is really in an effort to begin to have an impact on that. The linkage between ambulances waiting and the flow of patients through the hospital, in my mind, is a direct relationship. Part of the strategy is to partially expand the capacity of critical care units to provide some capacity to hospitals to more quickly admit those patients who require that level of care.

More importantly, the creation of the teams in hospitals that are designed to keep people out of intensive care units is also a critical component. They've been shown in the literature to not only reduce the requirements for intensive care, but also to assist in reducing the length of stay of individual patients. To the degree that hospitals can treat people more quickly, it does ease the pressure on admissions, and hence the impact on the emergency department.

There's no single thing that is going to fix the problem. That's why the emergency department report, Dr. Schwartz's report, dealt with several different strategies, and we're trying as best we can to implement many of them so that we can measure their impact on emergency departments.

Mrs. Munro: I appreciate that it certainly wouldn't be one magic bullet on this one. But my reason for the question was simply that if you think of a community that has three or four or five ambulances—let's say five—and it's possible that two or three of them are sitting at the local hospital, it would seem to me that there would be a link between that and problems around

ambulance response time, because you're obviously only dealing with two of the remaining ambulances available if three of them are sitting at the hospital. So I wondered if you had any fix on the degree to which that does impact on ambulance response time, since that's another major concern.

Mr. Sapsford: In quantitative times, no, but notionally I don't disagree with you. I think the bigger impact, though, is because we're trying to keep the response time fixed; in other words, we want to keep improving it. The impact it does have over time is that you have more and more ambulances on the road in order to continue to maintain the response time while accounting for the fact that several of your ambulances are not available for call.

It's a complicated problem, but if we can begin to improve the flow through emergency departments, then would it result in a faster response time? I would argue, yes, it would, to a degree. You would have more ambulance resources to respond, or an overall easing of the total cost because you don't need as many ambulances to maintain the same response time. It's a combination of the two. At this moment, I don't believe we have any analysis that would predict which way that ratio would move.

Mrs. Munro: However, I do think that it's really an important notion because of the fact, as you say, that those ambulances are effectively out of commission. If you're able to identify that over a weekly period there's that kind of drag on the system, then, clearly, that's a huge element of cost, that you've got that group sitting there over the period of time.

Most of the recommendations that come out of this critical care study—I understand why they primarily deal with how to effect a better flow through the emergency department, but I wondered if there were also some recommendations that dealt with the manner in which ambulances do their business. Is there a role there to look at reducing the problem of ambulances sitting at hospitals?

Mr. Sapsford: Yes, that is part of our discussion. I'll give you an example. Let's assume that one has three or four ambulances waiting, with two attendants per patient. I think the current understanding is that the hospital won't accept care until there's a space available. So the way I look at it, to a degree, is that I've got eight ambulance attendants with four patients and four ambulances off the road. There has to be a better way of arranging resources to free up ambulances to go back while still maintaining an acceptable level of care for those patients while they are waiting to be moved through the hospital.

This is part of the discussion that we're engaged in as part of a way to find solutions to this. The municipalities have a part to play in that as well as the hospitals. It's getting that discussion engaged and finding reasonable solutions that will help to make improvements.

Mrs. Munro: I guess my question my be premature, but I was looking to see if you could give us any kind of description of the kinds of discussions that were taking

place on that side of it, given that we're able to see the results of the discussions on the hospital side.

Mr. Sapsford: St. Michael's is doing some pilot work which you read about. Some of the changes are admission lounges, discharge lounges, where patients for discharge can move from bedrooms so that the beds are available for people in the emergency. So there are strategies around how we can improve the flow of patients on the in-patient side to relieve the pressure. If you relieve that pressure, then you've relieved the ambulance pressure.

Some of them are directed at the hospital issues. There must be a better way to arrange the ambulance staffing when they are waiting. That's another set of issues. Then some of the other questions are about ambulances called in the first place—maybe we have too much volume—and the referral piece to telemedicine and other options, referring lower-level-care-requirement patients, the CTAS 4 and 5 patients, to ambulatory care centres instead of the hospital emergency department.

There is discussion going on at all parts of the system. Some of them are alone, because it's a hospital issue, some of them are joint, because it's the relationship between, and some of them are between ambulance and other parts of the pre-hospital care system.

Mrs. Munro: Would you anticipate that, in a reasonable time, we can expect to see the municipalities and their half of the issue with regard to what we just described, where you have two personnel per patient plus the ambulance—are we going to see some response from the ambulance service and the municipalities on their ideas about how to deal with that?

Mr. Sapsford: That's my hope, yes.

Mrs. Munro: Is this more of a recent problem? I understand it having to do with crowding and issues within the emergency departments, and of course we've heard of those over the last few years, but I just wondered whether or not there had been any kind of change in the legal obligation that has created the kind of situation we see today with ambulance service.

Mr. Sapsford: No, there's been no change in the legal structures. Everyone involved has an obligation to care, and each of them is fulfilling that obligation. It has more to do with a growing and aging population, all of the characteristics you've heard of before. The solutions are being more aggressive around how care is provided and much more aggressive in looking at what kind of process we use around patient care. Are there ways to streamline it? Do we have too many people involved? These are all very complicated discussions, because you have different groups of health professionals who have different views on how care should be provided.

I don't try to make excuses but only to say there is a certain amount of energy required to engage the system in finding solutions to these sorts of problems, rather than just looking at the easy response, which would be, "Provide more money; give us more beds," those kinds of very easy things. This isn't just me saying it. I think the health care system has recognized that it has to tackle

these more difficult problems as a system and begin to look for more productive solutions than we've had in the past.

Mrs. Munro: Can you identify in those future discussions the kinds of incentives there would be from the groups to effect any kind of significant changes? You rightly recognize the fact that putting more money into something doesn't necessarily solve a systemic issue, obviously; it feeds it, quite frankly. So I just would ask you to give us any sense of what kinds of incentives you can have in those discussions.

Mr. Sapsford: Unfortunately, I can't today because the whole question of incentives in our funding models is a major issue that the ministry is about to undertake. With the creation of LHINs and some of the changes in the dynamics, one of the things in the ministry that we want to do is begin to re-examine our funding models for health programs. Some argue very strongly there is a series of disincentives, that some of the ways we pay for health services in fact cause behaviours that we wouldn't want to emulate or promote.

Part of the challenge for the ministry over the coming months is to re-examine from a variety of perspectives how the funding models we use create some of the operating problems and barriers that we have today. That's a higher-level review that we'll be undertaking with respect to funding models and incentives and disincentives, and to try to provide incentives, where we can, to promote the outcomes that we want the health system to produce.

Mrs. Munro: Talking about incentives, I know that if someone uses an ambulance to go to the hospital, there is a decision that's made as to whether or not it was an appropriate use of the ambulance and, if it wasn't, it's deemed then as a full-cost recovery. You get this little form in the mail that says, "Please send us \$245," or whatever it is. I just wondered whether or not there is any data to support the effectiveness of doing that.

Mr. Bates: You're absolutely right. The system is that on a transport of a patient from, for instance, the scene of an accident to a hospital, the receiving physician makes a decision, assuming the patient has OHIP coverage, of whether it's an essential utilization of the ambulance or non-essential. For essential, there is a \$45 copayment fee, and there's the other one you just alluded to for a non-essential call. I don't believe there are any statistics that indicate whether or not it's an effective way of handling ambulance calls. I do know that we get a lot of correspondence about it.

Mr. Bill Mauro (Thunder Bay-Atikokan): I'm sure. Mr. Bates: But it's basically a methodology that's widely used, if not universally used, across North America. Dollars vary from one jurisdiction to another, obviously; in fact, they vary considerably. They're very high. We spoke last week about the cost of air ambulance. You'll recall that. Land ambulance can cost upwards of \$1,000 or more in some jurisdictions if you're not insured or if you're non-essential as well. So there is a great variation.

I don't know of any statistics offhand that indicate whether or not it's an effective way of doing it. You would think it would be a way of making sure that ambulances are used properly, but the thing is that a lot of people only use ambulances once in their lifetime. I don't know who has used an ambulance around here for an emergency call, but I've only ever used it once so far. It tends to be something that you utilize later on or when you're actually in the hospital system. So it's not something that if you're billed for \$240, it serves as a lesson that you're going to think about it the next time. I don't think it happens that way.

Mrs. Munro: Actually, that was why I asked, because I don't think people would generally know that this is going to happen, so this would be a surprise to most people. That's why I wondered if you had kept any analyses of it because, if it's a surprise, then obviously it isn't part of the decision-making when that call is made. Equally along with that would be—and I agree with you that people don't make those calls very often. But it would be interesting to also look at it from the perspective of how difficult it is to get the money from these people who weren't expecting to pay for it in the beginning. Again, it sort of speaks to that bigger, broader issue around the kind of incentives, both in a positive and negative way.

Mr. Bates: If you look at the out-of-province, as we did the last week, I know that personally, it's an incentive for me to get out-of-province insurance before I leave Ontario—if you know about it. But it's the same situation there: A lot of people don't know about it and they don't obtain out-of-province insurance before they leave. It's something that we all have to think about.

I know that the health insurance groups do put out brochures and things like that. You may see one on a doctor's wall or something, but whether or not it's sufficiently advertised, so to speak, is a very valid question that we have to ask ourselves, as is whether anybody would pay any attention to it anyhow when they did see it on the wall because they don't utilize it that often. You're not going to a grocery store, worrying about the cost of milk. It's not something that happens to us regularly, so we don't pay a lot of attention to it, unfortunately.

Mrs. Munro: No, and as I say, in the broader context of the whole issue around incentives and disincentives, that was one where I thought, "Do we have any information on it?"

Mr. Bates: I think you're right in the sense that whenever they developed it, and it's been in place for a long period of time, it probably was thought of as a disincentive.

Mrs. Munro: Right. My final question—

The Chair: You're going to have to wait. The Auditor General had one clarification that he wanted to put forward.

Mr. Jim McCarter: Just on Ms. Kardos Burton's comments related to monitoring municipal spending to make sure that all the ministry funding is spent on land ambulance services, we had a bit of a discussion in the

comments earlier on before you came in. My understanding is that the ministry gets a statement from the municipality, basically signed by the treasurer or someone, attesting to the fact that we've spent X amount of dollars on ambulance services. I guess being skeptical auditors, we wondered how you would know if there were a bunch of overheads or possibly even costs that weren't ambulance-related on that statement? So I was happy to see that you're monitoring that now. Does the monitoring include more than just getting the signed statement from the municipality?

Mr. Bates: I guess the monitoring looks at what you think is reasonable. It's a judgment. Obviously, there's a judgment involved in, "Is what they have spent reasonable?" We're going through that now when we're looking at the allocation of funds in a new funding arrangement. Is it reasonable to expect that their costs have been increased by X number of percentage points? You have to look at their wage rates, what they have increased and the benefits. You have to look at the service that they're providing: Did they increase the service that they have been providing, the stations that they have? All of these things are taken into account. So you're right: You have to have a review of it and determine whether or not it's reasonable.

Mr. McCarter: If you found one that just looked like an 18% or 20% increase, you feel you would have the authority to go back and ask for more information or get some more evidence to make sure that it was actually supportable.

Mr. Bates: We've just been doing that very thing. We go back and ask them and confirm with them. Most of them, if not all of them, are very co-operative with us in providing information.

Ms. Kardos Burton: I apologize for having left the room. If I could add to that, just in response, yes, it's more than just the reports. In terms of the ministry, the ministry's role is the standards, and that will make sure that we have a performance standard set for each one of those areas and actually assess what the case is. We have had no issue in terms of getting the municipalities to meet those standards. I think that's a good point and I think it'll actually be even more important now moving toward the 50-50.

Mr. McCarter: That was our concern, obviously. If I'm a municipal treasurer, I know what I might be inclined to do.

Ms. Kardos Burton: Yes. So I think it's incumbent upon us to do that, and we do have some existing methods and will have better ones on the standards, because you have to look at the trends in terms of what's being spent.

The Vice-Chair (Mrs. Julia Munro): Thank you. We'll go to Ms. Martel.

Ms. Martel: I want to continue to work through the response document that you provided to the committee members. The auditor identified a concern in his most recent audit that had come up in May 2004. The auditor referenced a report of the land ambulance acute transfer

task force—and that was a task force between ministry representatives and base hospital representatives—that pointed out that municipalities seemed to be resisting non-emergency transfer requests and ambulance calls that required their vehicles to cross municipal boundaries. One of the impacts of that was that it was having an effect, for example, on the Ontario stroke strategy. So I wondered what this particular item that was noted by the auditor in reference to a previous report—is this part of the discussion that's going on with the land ambulance committee, and what's the nature of that discussion?

Mr. Bates: I can have a stab at that, if you will.

Ms. Martel: Okay, Malcolm, but not too many slides; okay?

Mr. Bates: No, we've only got three this time, if you don't mind.

Ms. Kardos Burton: If I can, while Malcolm's doing that on the stroke strategy, I think one thing that's important is that we're talking about one municipality in terms of not being as co-operative as they could have been in the stroke strategy.

Ms. Martel: I understand that, but I gathered it was a bigger problem in terms of municipalities generally not wanting to have their vehicles cross municipal boundaries, and part of what they were doing was perhaps centralizing in a more downtown location versus at the edges of their boundaries in order to actually avoid that; so a more strategic placement of ambulances. I don't know how true that is. I'm referencing a report that the auditor referenced. So I want to know, is that on the table from the ministry's perspective? Is this part of the discussion that's going on? I'm not sure it's been raised by the municipalities. If it hasn't, is it being raised by the ministry?

Ms. Kardos Burton: Certainly from a principle point of view, the cross-border billing issue shouldn't get in the way of how you deliver services to the citizens of Ontario.

Ms. Martel: There's the billing issue; I understand that. But there's a second issue, to my mind. Maybe I'm wrong about that. The issue out there has to do with billing and data and are you going to have billing for the transfers. The second thing is, do you have some municipalities that are more strategically locating their ambulances in order to reduce what might be their exposure in this regard?

Mr. Bates: If I may answer that one, municipalities are, as we just talked about a little earlier, concerned about emergency response times. So it's natural for them—and I would hope that they do this—to look at the location of their ambulance stations. Many of them have done this. Some of them have employed outside consultants.

I've got a report, if you wanted to have a look at one, as to whether or not the stations where they are currently located are adequate or if they have to change those particular locations of stations. Naturally, those locations would move toward where the population is, where the demand is. That's what they're looking at. It doesn't

necessarily mean, when we had the stations before, they were aligned with demand. There was a lot of historical perspective attached to the ambulance system prior to the municipalities taking over. I know you understand that in the area of Sudbury, but the fact of the matter is, municipalities are very concerned about station locations. I can tell you this: We had something like 330 stations; now there are over 400-and-something stations in the system. So 69 extra stations have been added in the five years since the municipalities have taken over. That's a significant change.

Most of those stations are adjusted to where the demand is. So it's a logical move on their part to do that. Now, are they concerned about out-of-jurisdiction, if you will, calls? Absolutely they are. That's part of a municipal system. The same thing exists with respect to fire departments. I'm sure you can understand that, that they want to service the citizens they have. The Ambulance Act and all our policies call for the closest ambulance to be sent, and they all adhere to that when it comes to emergencies.

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Non-emergency calls: There's a little greater flexibility in the timing attached to them. In fact, they work with us, but there's no question they prefer and are working with the hospital system, similar to the LHINs, as the deputy was saying before, to try and find out different ways of moving patients who don't require ambulances. We spoke about that before as well, and they've been very successful in working with the hospital system to make sure that the hospitals are utilizing the proper type of transportation necessary.

The stroke strategy was something that was mentioned by the Auditor General. The stroke strategy is an initiative of the ministry and the Ontario heart foundation. It's across the province, a system with respect to a stroke strategy. We've got the ones that are currently functioning with respect to acute stroke protocols in the

province.

You can see that the stroke protocols in the province in the blue have been implemented. The ones that are under development are green. Northern Ontario, I'm sorry, is down here, but you can see that, if you will. There are some notable exceptions. One is here, sort of thing. The concern that had the auditor's time when they were looking at it-there were two municipalities that were concerned about a functioning stroke strategy. The stroke strategy is that there are nine regional stroke centres. They have to be 24 hours a day with coverage and they have to have CT scans and neurologists available. There are, I think, 18 district stroke centres as well across the province. These particular communities have reached agreements with the hospital system that they will transport patients to a stroke centre, wherever it may be. And you can see Niagara as well has now agreed to that. There is no problem with respect to transporting stroke patients in that particular area at this point in time. But the concern they had was not so much transporting across boundaries but the cost of it. That was their main

concern, the two that mentioned it to us and the two that the auditors were able to mention in their particular report. I would say that that now should have been resolved, or will be resolved with the announced funding of a 50-50 share.

Ms. Martel: I appreciate all that. Let me go to page 39 of the auditor's report, where the auditor, midway down, says, according to the May 2004 report—and ministry reps sat on this, along with reps from base hospitals—"municipalities are resisting non-emergency inter-facility transfer requests, and ambulance calls that require their vehicles to cross municipal boundaries"—resisting that. What I want to be clear on is, you have a land ambulance committee that is meeting now. Is this part of the discussion—

Mr. Sapsford: Yes.

Ms. Martel: —either brought forward by the municipalities or brought forward by the ministry?

Mr. Sapsford: Yes. Resisting has not yet, to my knowledge, meant refusal, and resisting is directly proportional to this issue around funding, I think it's fair to say. So the hope is that if we come to a successful conclusion around the funding issues, the resistance about moving non-urgent across boundaries will evaporate in that agreement.

I think the auditor pointed out a symptom, but I guess our assessment is that the solution to that is found in coming to agreement around the funding relationships.

Ms. Martel: All right. We can anticipate we will see some kind of a response to that issue when the committee responds in a more public fashion with recommendations.

Mr. Sapsford: Yes.

Ms. Martel: Okay. Let me deal with the next issue of defibrillators, which you referenced in your report this morning. You said that there's a committee that is assessing this particular situation. It was due to report back by mid-December. I wondered where the recommendations were on this matter at this point.

My other concern had to do with the fact that we've had some recommendations already in the past from some other groups about at least putting defibrillators in casinos, for example. That goes back to a 2003 OPALS research work. In 2004 OPALS also suggested that perhaps placement of defibrillators in shopping malls would be beneficial.

It looks like neither of those things was followed up on and we're studying this some more. I wondered why we hadn't at least taken those two steps, since I think that OPALS research is pretty credible. That would be my argument. I wonder if the problem is who pays for this. Is this a ministry share, or is this a municipal cost, and is this part of the dilemma?

Mr. Sapsford: On the whole issue of the defibrillators, because, as you say, recommendations were coming through from a number of different sources, some of them based on solid thinking and, quite honestly, some of them not, we asked the technology assessment committee to do a full-scale review, and that report is the

one you've referenced. Where is it? It's actually in front of me at the moment.

Ms. Martel: Do you want to tell us some more about it?

Mr. Sapsford: Well, I have brought staff if you'd like to hear more detail about it, but we tried to do some serious evaluation of the effectiveness of it against the costs of it, to try to establish what would be a reasonable thing to do. I think a couple of the issues are important for consideration, which I will have to consider. One is training: These things don't work properly, or they're not effective, without the appropriate training. As soon as you say the word "training," then someone has to be responsible. Even with the thought of putting one in a shopping centre, the question remains, who's going to use it if you need it—against the frequency of an occurrence in a shopping centre, and how much does it cost to maintain it? That's the nature of the work that's been done in quite an objective and analytical way. It does point to it being reasonable to consider putting them in certain locations and quite unreasonable to be putting them in what I'll call more general public places.

That's the nature of the report that has been given to the ministry, and now we have to look at it. I should add that the dollars are substantial, and there still is the question about how many lives you will actually save in any period of time for the amount of money that needs to be expended.

That's the general overview for the committee. Dr. Les Levin is here, and one of his staff who actually did the research, and if you'd like to hear more specific information, we'd be happy to provide it, Chair, if you wish.

Ms. Martel: I'm not clear who pays. Does the organization where it is located then essentially become responsible both for training and for payment of the equipment?

Mr. Sapsford: That's one of the questions: Is it something that the Ministry of Health would pay for, and who has the liability? There are some legal questions that need to be sorted out as well. I don't believe the report looked at those aspects of it. It was more just the efficacy of use of the defibrillators and what the statistics say about the outcome of use and the frequency of the occurrence of heart attack in those situations.

Ms. Kardos Burton: If I may, in looking at the report, the review looked at whether it should be in public buildings, whether it should be in airplanes, but the expectation would be that those organizations would pay for them.

Ms. Martel: What's the cost you're looking at? I don't have an understanding of that.

Ms. Kardos Burton: A lot.

Mr. Sapsford: Again, it varies, depending how widely spaced. The study was done, it was stratified by types of locations, so you look at hospitals, all police services, fire services, then look more broadly into things like long-term-care homes, other types of institutions, and then into residential homes or multiple apartment

buildings. The analysis was stratified across the different types of locations, and of course, the costs go up proportionally from there. The mid-point would be tens of millions.

Ms. Martel: All right. Let me move on. Thank you for that information.

I wanted to follow up on a question that Mr. Patten was asking about the review of the ambulance operators. I had a couple of questions in this regard. I see that the Provincial Auditor had recommended unannounced service reviews, and the ministry had responded that their feeling was this would be very disruptive, which is a fair enough analysis. My concern, though, was this: Right now, as I understand it, ambulance services are told that there's going to be a review. They could get up to 90 days of pre-advance notice, and yet, even with a preadvance notice-let's take the outside of 90 days, which is three months—you had 50% of operators who did not meet their certification standards in 2003-04. As I look at it, that's a really high number of operations that don't seem to be in compliance, even with three months' warning. I can't imagine what it would be like if there was no warning. Is this of concern to the ministry? I appreciate you don't want to move to a system of not warning, but goodness, if after three months you still have 50% that don't comply, what's the nature of the problem here?

1130

Mr. Bates: We're very rigid, if you will, because we want very high standards. In the review, there are something like 1,200 questions that are asked with respect to the operator. There are over 200 standards that we utilize to look at each one. We ask for a 90% result before we certify an ambulance operator. They may not reach 90%. They may have something less than 90%, and a lot of that, quite frankly, could be administrative matters that don't impact directly upon the health and safety of patients or of the paramedics themselves. We're a little less rigid about those—and we want to go back in.

We send them a report and we say, "Here are the things that you must adhere to," and we outline whether they're regulations and legislative concerns or whether they're policy concerns and things like that. They have time to upgrade themselves. There's no doubt about it. We go in with a follow-up team to review whether or not they've actually met them.

Now, there are circumstances in which we are concerned about the health and safety of patients because we found that in fact those reviews showed that the operator was not performing well, was not doing a good job and there were real difficulties associated with that particular service. We then issue director's orders. Even though we're partners with the municipal sector—and some of the municipalities use contracted operators, to be frank. They're not all operated by municipalities, but a good number of them are, if not the majority of them. We issue director's orders associated with that and they have about 20 days to respond and ensure that things are done properly.

For instance, here are a couple of orders just to give a flavour of the types of things that we do. In one order that we sent out in 2004, we said, "You must do something about this, because we found the patient care compartments in a number of ambulance vehicles to be unsanitary and unclean. We found the base locations unclean and untidy. Patient supplies found to be unclean, unsanitary and defective." You've got to do something about that because obviously those are things that directly impact upon patient care.

Another one was failure to provide incident reports, despite notices and reminders. This is one thing that the auditor also mentions, so we are following up on that.

Personnel records are very important, because there are situations in which we have found—and I think you'll appreciate the same sort of thing occurred with respect to nurses—the paramedics, for instance, are not qualified to function. For one reason or another, they have been hired and their credentials are not correct. They are not adequately qualified. When that happens, we go right after it. We make sure that that is changed, that something has to take place with respect to that. So personnel records are very important. They have to make sure that the people they hire are indeed qualified.

There are a number of things that we in fact follow up on and we issued director's orders, and then it's a direct follow-up thereafter. Now, each one of them where we've done this has indeed followed up and have performed thereafter. They've cleaned up their acts and things are in order in those particular locations at this particular point in time, but it's something that you have to constantly follow up on, constantly be aware of.

The auditor was concerned, quite rightly, about unannounced visits. We do about 100 and some odd unannounced visits each year. That may range from a total inspection, which we have done—when we went into that particular location, we found, again, unclean ambulances—to simply a visit by an inspector to go in and have a coffee, have a look at the ambulances, talk to the staff and do that sort of thing, but at the same time looking at what's happening to determine whether or not this system is working the way it should.

Ms. Martel: Let me deal with the follow-up, because the auditor pointed out that those follow-up visits are scheduled for 60 to 90 days following receipt of the operator's response. I thought that was excessive actually, especially given that there could be up to a 90-day notification to the operator that the ministry was coming. You're talking from the time that this all starts to the time that there might be a follow-up, which could be between six to seven months. Is that a function of the ministry in terms of staffing, the ability to actually get back in there? I just thought that was excessive.

Mr. Bates: You're right in some ways, in the sense of—first of all, let's say that we're in a new sort of transitional type of work. This is only five years old, since we've moved over from the local services realignment. Not only do we have to look at different ways of doing things and staff up—our situation is no different

from the Auditor General, when he mentioned in his overview that he had the challenge of an expanded mandate, and you can notice that in his report. We have the same thing, so we're staffing up; we're working along the same lines as the Provincial Auditor has to, in the sense that we have to get the right type of people in to do the certification. We have to make sure that they're qualified, that they're trained.

Municipalities also—a five-year-old municipal service, and most of them are less than that because they've just moved over from private operators at hospitals to direct service. In all fairness, they have to have time to adjust as well, not only to the new system we're operating but to the type of rigid quality we're looking for. It's something that does take time. In the multifaceted system we have, the certification review is just one part, as I said. We have unannounced visits and investigations. Our dispatch centres are tasked with overseeing what happens in the municipalities all the time.

Of course, we're looking at the paramedics. There were nine orders issued for paramedics in the last year with respect to their qualifications. When we found they weren't doing the job, we went in and made sure things were changed. All of those nine had to rewrite their examinations in the last year.

The Vice-Chair: We have to move on. I have Mrs. Sandals first.

Mrs. Liz Sandals (Guelph-Wellington): I wonder if we could go back to the slide you showed initially around response times, not the newspaper headlines one but the one that had the actual response times for the different areas. This sort of hit a hot button as we were looking at those slides, because it seems to me that what was embedded in the 1996 response time standards—I'm having trouble seeing these—if I look at response times, they're all over the place. While you would expect to see that Parry Sound and Muskoka would have similar ones, and they've got 27 and 24, if I look at southwestern Ontario, we've got response times varying from 10 minutes in Waterloo, which, granted, is more urban; Brant, which is not more urban, 12 minutes; Niagara large parts of that are rural—10 minutes; ranging up to, Wellington and Perth are more 16, 17, 14; Dufferin, 16; Simcoe, 15. One is 50% higher than the other.

If you go back to that other one you saw, which is the definition of what a "response time" is, it would seem to me to be all over the place in terms of the definition. In some places, it's when does the ambulance—yes, that one; no, the one that actually shows the definition of "response time." It seemed to me that in that definition of "response time," for some places we're talking about from the time the line rings to the time an ambulance shows up. At other times, it's when somebody was rolling, and it may be when the first responder shows up, which to me means when the fire department shows up, in a lot of cases.

It seems to me that these things are all over the place for similar geography and all over the place in terms of definition. I'm wondering why we're using that as our measure of whether or not people are meeting the standard, because it seems to me, quite frankly, to be a meaningless standard.

Mr. Bates: This chart illustrates what happens across North America.

Mrs. Sandals: Oh, okay.

Mr. Bates: I didn't get a chance to get to that particular one.

Mrs. Sandals: So why do you say "Ontario definition"?

Ms. Martel: I cut him off. Mr. Bates: That's right.

Mrs. Sandals: What's the Ontario definition, then? Do we have a standard Ontario definition?

Mr. Bates: I was going to get to that.

Mrs. Sandals: Okay. But having said that, I know that locally, in my own area, for example, every crew has—I'm not sure of the right name for this, but there's one level of paramedic and then there's an advanced level of paramedic. In Guelph and Wellington, every ambulance crew has one person trained to the higher level. I think that is not the case in many areas of the province.

Again, it seems to me we've got all sorts of things going on here, but I guess the bottom-line question is, and you might want to comment briefly on that, am I right or am I wrong? Assuming I'm right that things we have set up as standards are really apples and oranges, are we doing anything about trying to create apples?

Mr. Bates: We certainly are. It takes time, and I'm sorry it takes time, but this is from the journal of emergency medicine with respect to EMS providers in the United States, and us too, because we participate.

Mrs. Sandals: Okay, but what's the standard in Ontario?

Mr. Bates: The standard in Ontario: When the ambulance is dispatched, it starts the clock. We also have a chronology. That will help better. This is the chronology of an ambulance call. It takes into account a number of the things we talked about earlier today as well. For instance, 911, and 911 is universal across the province: 911 takes the initial call and decides whether it's fire, police or ambulance. We don't run 911. That's usually a municipal system or a police system across the province. The 911 operator puts the call in to our dispatcher. Our ACO, ambulance communications operator, says, "Ambulance, what's your emergency?"

Mrs. Sandals: So when do we start our measurement in that standard?

Mr. Bates: We've got two different standards, okay? One from a dispatcher and the call-taker within the dispatch centre itself. They have this dispatch reaction time standard and I think that was mentioned by the Auditor General as well. This is a dispatch reaction time. It's two minutes, as a standard that we have, to take the call, to make sure it's an ambulance call and decide what the emergency is, what needs to be done, to pass it on to a dispatcher who then dispatches the appropriate ambulance.

We utilize, as far as our response time measurement for—because it's a municipal system. We're measuring the municipalities at this point in time. We measure from this time, at which time the ambulance dispatcher notifies the paramedic of the priority and pickup location of the patient. The ambulance response time—

Mrs. Sandals: So that's the point at which dispatch

sends out the ambulance.

Mr. Bates: That's right. That's the start of a response time. It entails all of these particular times. From the time it departs the station and the paramedics are en route until it arrives at the scene and advises the dispatcher centre, "We have arrived at the scene of the patient." That's the response time there.

Then you have, going on—you were asking about what type of paramedics. I'll be able to provide you with that information in a second. The paramedic provides the patient care here, from the scene of the accident, the heart attack or whatever, makes sure the patient is stabilized, whatever care is necessary, and transports to the hospital. This is, as we were talking about, the hospital time, this particular time, until they're finished and return to base.

Those are the overall aspects of an ambulance call. Dispatch reaction time is something we measure and look at. Ambulance response time is something we look at and

measure. As the deputy mentioned—

Mrs. Sandals: So the ambulance response time, then, is what is on that chart we were just looking at.

Mr. Bates: Yes, the map.

Mrs. Sandals: On the map, okay, and they are for similar geography and would appear to be all over the place.

Mr. Bates: Yes.

Mrs. Sandals: Are we doing anything to come up with what the standard should be, or is that an insoluble problem?

Mr. Bates: No.

Mrs. Sandals: So we are comparing apples and apples

rather than just yearly variations.

Mr. Bates: The land ambulance committee, as the ADM mentioned earlier, is looking at response time and response time standards. We will be actively reviewing their recommendations with respect to response time, and how it's measured and how it should be measured.

Ms. Kardos Burton: If I may just add to that, because there has been a fair bit of comment obviously in terms of what Ontario's standard is, 90% of what it was in 1996, has variance throughout the province. So you're absolutely correct. As Malcolm mentioned, in the committee, we are looking at that, and this is with municipal representatives as well as us. The important part that I just want to add: It's with the principle of making sure that you've taken into account the reasonableness in each local area. I think that's what's been missing before. What it was 10 years ago may or may not have been valid. It's something that's understood and recognized, and hopefully we'll have a response time standard that is more palatable and understandable to citizens in Ontario.

Mrs. Sandals: Okay, because it seems to me that the crucial piece is what's reasonable given the geography.

Mr. Bates: That's right. This may help because— Mrs. Sandals: I know my colleagues want to share.

Mr. Bates: Okay. I'm sorry.

Mr. Mauro: Mr. Sapsford, it seems that there's a connection being attempted to be created between higher costs and at the same time reduced service delivery, at least in terms of response times. It's my understanding that most of these increased costs are simply wage-related issues. I'm looking for a response on that first, simply a yes or no. I think that's accurate. Is that fair to say?

Mr. Sapsford: The bulk of their budgets are staff-

related, yes.

Mr. Mauro: It's 85% or so. So when we look at higher costs and try to say, "What are we doing? We're inefficient," it's not so much inefficient; it's just simply that wages have skyrocketed. It's my belief that wages skyrocketed when we went to this new delivery model. What we saw was a competition created across the province for the services of these highly trained people. As a result of that, a competitive bidding process and the arbitration process got involved, and then municipalities like the one that I come from were suddenly faced with trying to match arbitration awards or negotiated benefit awards that were being meted out in communities like Mississauga and Toronto. Would you agree with that?

Mr. Sapsford: It's a factor.

Mr. Mauro: It's a factor. Thank you very much.

Mr. Sapsford: But just to say that part of increasing costs are also more ambulances on the road. It's a combination.

Mr. Mauro: Fair enough.

The \$300 million to be cleared is the amount of money that's estimated to be needed in 2008 based on estimated 2008 costs to fully arrive at a 50-50 funding formula. Have I got that captured?

Mr. Sapsford: Yes.

Mr. Mauro: The money in this response times issue and the response times seeming to go down: Would you say that this is less about trying to place blame on the previous government than it is trying to determine exactly what's happened here? If we were to look at data on response times and the 1996 benchmark is no longer being achieved, and if I wanted to try to determine what caused that and when it happened, if we were to look at the timeline from the beginning of this process in 1998 to fully implemented in 2001 by the municipalities, would it be likely-or you may know-that the response times immediately began to decline when the new operational delivery model was implemented? It being a function of that is what I'm trying to determine, so that when we devolve this responsibility to municipalities and DDAs, it was the operational model that created the slower response times as municipalities were trying to wrap their heads around how they were going to do this.

Mr. Sapsford: I don't have any quantitative infor-

mation to back it up, but I think notionally-

Mr. Mauro: If I went year by year, if I went from 2001, when this started, we might see response times go like this; if I went to 2002, we might see it. But it would

be my expectation that we would begin to see that level off once the operational model has been fully implemented. It would make my point that this is a function of how we're delivering the service now, not what's going on in terms of how we're trying to do it from—do you get my point?

Mr. Sapsford: Absolutely, I do. To me, the way I would say that is that it's a function of the change. New people are taking on operation. As you heard Mr. Bates say, the ministry changed its role. It was divesting services, picking up the new monitoring role—

Mr. Mauro: So the decline in response times would have probably happened precipitously at the beginning of the new operational model and then likely levelled off and remained static since that process has been in place. Is that fair to say? Likely?

Mr. Sapsford: I understand what you're saying. I'd have to go back and look at numbers to approve the case.

Mr. Mauro: Okay, so it's a function of the operational model.

The \$96 million: It was in one of the pieces of information we had to address the off-load times at the hospitals: Can you talk to me a little bit more about that? 1150

Mr. Sapsford: That was the critical care package. So it's a combination of initiatives, some of it related to critical care bed capacity, some of it to create new clinical teams inside hospitals that will respond to patients who are developing symptoms that might argue for critical care, and to take the expertise to the bedside outside of the unit. So these two together are the bulk of the response.

Mr. Mauro: When an ambulance shows up at a hospital with a patient and they can't get the patient off-loaded because the emergency room is backed up, would that possibly be a function of more people going to emergency rooms because there aren't enough family doctors in the province for a variety of reasons and more people are using emergency care now, and also a reflection perhaps of the fact that there are far fewer acute care beds existing in the hospital sector than there were 10 or 15 years ago?

Mr. Sapsford: I would agree with both of those.

Mr. Mauro: Thank you very much, Madam Chair. I have to leave, but if we have some more time, I'd be happy to kick it back to my—

The Vice-Chair: Mr. Zimmer is next.

Mr. Zimmer: Just a wrap-up question before I tear out of here: On balance, looking back on the pre-transfer days and today, would you say that in terms of the patient/user, in terms of the financial management of the service and in terms of the administration of the ambulance service we're better off today than we were pre-transfer? In what areas are we better off? In what areas are we in a worse situation? I recognize that's a political decision.

Mr. Sapsford: That's a judgment I'd have to think long and hard about, I suppose, as to where we are versus where we were. I think the clarity in roles of who is

doing what and who is responsible for what is much better. It stakes out clearly the role of municipalities and who our land ambulance operators are, whereas before, we had some municipalities, some private, some hospitals, and the ministry ran some. So there was a broader patchwork of services, and the ministry also, with the regulatory role, in the middle of it.

So from just the clarity around who's responsible for what, I think we're in a better position. I think the ministry, in terms of the regulatory framework and its compliance management process that the auditor has commented on—it's a better model for the province to use in improving standards and performance over time.

Inevitably in any kind of change, there are going to be discontinuities and dislocations, and I think the report indicates some of those areas, but I think over a period of time, we'll have a much more consolidated and a clearer approach to service delivery.

Ms. Kardos Burton: If I could, I'll add my comments in terms of some observations. First of all, you'd have to do some sort of true evaluation to really know, but I think the opportunities in terms of integration with fire and police and first-response are a good thing. I think, from what I've seen—and it's not overall—in terms of responsiveness and education to the citizens in communities, there have been more efforts paid locally and money paid in terms of making sure that there are education processes.

I also think that one of the things it has done in transferring land ambulance services to municipalities is challenge governments in terms of how things are done, because there is a variety of different approaches, and I think there have been some innovations as a result of the transfer as well. So I'll make those comments just from my observations over the last few years on the land ambulance file.

Mr. Bates: This may help, statistically. I mentioned before about the number of ambulance stations increasing. There's been a 21% increase in the number of stations since the transition has taken place, an 18% increase in the number of ambulances on the road, 50% in terms of the number of emergency response vehicles. Those are simply vehicles that are operating. You'll see them around Toronto, the one particular paramedic in a Suburban, for instance, responding to the scene of the accident. There's a 50% increase in those, 50% in terms of its support vehicles.

I think Mrs. Sandals mentioned the number of paramedics on the road. There's an 11% increase in the number of paramedics, a 138% increase in the number of advance-care paramedics since the transition, and a small number of EMAs, local volunteers and so on; they have decreased. Statistically, it has changed to the positive.

Mr. Zimmer: Just one last question to the deputy: If you were to rank or list your three biggest challenges on this issue, in order—one, two, three—what are they?

Mr. Sapsford: For the ministry?

Mr. Zimmer: Yes. The three challenges and in what order,

Mr. Sapsford: Resolving the outstanding issues related to the shift in business operation, and that speaks to issues around the funding and the cross-border questions that are on the table; ensuring that the ministry's compliance functions are up and operational and that we've got reasonable and acceptable standards against which we're doing that work; and I guess the third one would be making sure that the technological advances in information systems to give us the tools to actually do this are adequate and in operation, and that speaks to some of the pilot projects that we're operating.

Mr. Zimmer: Thank you for that third one. That's one of my pet interests here. Thank you, Mr. Chair.

The Chair: Mr. Milloy has not had an opportunity to ask any questions so far, so I'm going to give him about two or three minutes.

Mr. John Milloy (Kitchener Centre): Thank you. I'll be brief. I have a list of questions, but I just want to pick up on one aspect of your presentation on ambulatory care centres. You talked about one of the strategies you were looking at as having ambulances take patients with less severe problems to these centres. I guess it's a two-part question: One, I've seen bits and pieces in the media about the formal establishment of some of these centres. I think some of them are in hospitals and all that. This is a little bit off-topic, and I'll bring it back on topic, but can you just give me 30 seconds on what the strategy is in terms of the area and how you're going to be going about implementing this strategy? I think it's going to have a huge impact on some of our emergency rooms, which all of us around this table hear about all the time.

Second, how will that impact the ambulances? For an emergency situation, are we starting to enter into new territory where the ambulance driver or the paramedic has to decide sort of which route to go to? Do you anticipate sort of a culture change in terms of dealing with those issues?

Mr. Sapsford: Yes, all of the above.

Mr. Milloy: Thank you—no.

Mr. Sapsford: Well, it's an innovation and, in order to achieve that, those are the kinds of questions that are on the table. How do we make those decisions? Who makes them? If it's the paramedic, is there adequate training and/or supervision? What is the range of clinical conditions that would fall into that consideration? What are the absolute will-not-dos? That's the nature of the discussion to make it work.

A lot of this can be predefined and identified clinically, so that it's really only the grey areas between classifications where I think the discussion occurs. It's aimed at those patients who, in our vernacular, fall into the CTAS 4 and 5 classifications, which are people who generally walk in, have low-level complaints and sometimes ambulances are called. It's trying to separate out that patient load and redirect it to ambulatory care centres.

It doesn't deal with the problem of patients going into the hospital as in-patients, but it does free up just the general pressure on the emergency room and to the degree patients are there occupying clinic rooms and so forth. It allows the hospital to use that space and resource for people who do require more immediate attention in the emergency room and then would allow the ambulances to move back onto the road more quickly.

Mr. Milloy: Can you just outline what the strategy is—I know this is a little bit separate but I'm just curious where we're going in terms of these centres. I've seen some talk in the media. Two have been established in Toronto and I think one somewhere in southwestern Ontario. Is there a criterion by which you're establishing them?

Mr. Sapsford: Yes, there is an ambulatory care centre policy framework. There aren't very many of them in the province. There's one that's been in Stoney Creek for many years. It's a well-established and well-developed one. They're always owned and operated by hospitals, so they're seen as adjuncts to a hospital's services. They generally provide clinic care. Some of them are now moving into providing surgical services on a day basis. The centre in Stoney Creek provides day surgical services.

They're being looked at more and more as providing adjunct service to hospitals and being the link between acute in-patient care and the primary care system.

Mr. Milloy: I have a final question. We don't have one in my area, for example. I guess I'm just asking, what's the long-term strategy? Are hospitals going to be encouraged to set them up? Can a hospital apply to set one up?

Mr. Sapsford: We're looking at them as being an innovation, yes, because they take what were defined as hospital services and bring them closer to the community in different locations, in many cases. It's not all new service, though. It's a trade-off between what the hospital is doing in its main facility versus what it would do in the ambulatory care centre.

I won't say we're marketing the concept. It's really in the hands of a hospital to determine how it wants to organize its services. But it's becoming more and more an option that hospitals are looking at.

One issue that came up as a result—

The Chair: I'm going to have to interrupt. I'm sorry, Deputy. There's a bell ringing. There's about three and a half minutes. Perhaps you could complete your response when members return from the Legislature in about 10 minutes.

Mr. Sapsford: That's fine.

The Chair: We'll have a 10-minute recess.

Mr. Zimmer: Are we going to break for lunch?

The Chair: What I suggest members do is pick up a sandwich on the way back in. I think Ms. Martel and Mrs. Munro still had some questions. We will be finished by, I'm guessing, 12:30 or quarter to 1; maybe 1 o'clock.

So we'll see you in a few minutes, those who want to go and vote.

The committee recessed from 1204 to 1215.

The Chair: Let's go. Did you want to add anything to your response to Mr. Milloy?

Mr. Sapsford: Just to the last thought I had about the ambulatory care centres. One of the lines of thought around ambulatory care really came after the SARS cases several years ago when hospitals realized that in the face of those kinds of infection control problems, much of the hospital's operation had to cease, and because a growing proportion of the hospital's operation is related to outpatient and ambulatory care, people started to quickly conclude that we really need to begin to think about physical separation of some of our services in the face of these kinds of outbreaks. Because the ambulatory care model's clinics, day surgery and so forth don't of necessity have to be in the same building, it's led to more thought and discussion about these free-standing ambulatory care centres. So I think it's an issue of growing interest that we'll see more of in the future as hospitals rethink how they provide services.

The Chair: Ms. Martel.

Ms. Martel: I wanted to ask for two bits of information, and you don't have to give them to me now. You can provide them to the committee, Deputy, if you don't mind. The first would be with respect to the dispatch centre response times, which was item 4 on our chart. We had information from the auditor with respect to 2004 that 15 of the 18 dispatch centres had response times that were more than what they should be, the two minutes. I know you said in your report that you're monitoring that monthly now. I would like to know if you could give us some information about what the response times are now for the dispatch centres since you've been doing the monthly monitoring. How many are now meeting the two-minute standard out of the 18? For those that are not, what kind of corrective or remedial action is the ministry trying to take to get them within that two-minute response?

Mr. Bates: We have your answers here.

Ms. Martel: These are for 2005?

Mr. Bates: Yes. The green are the calls dispatched within two minutes of call receipt, and this is each of the dispatch centres down here and the percentages. For instance, in Thunder Bay, they're meeting it 97% of the time. There are places that are not doing as well, obviously, when you see the green go down: 84% for London; Lindsay is 70%; Kingston is 84%; Hamilton is 84%; I'm sure you'll be interested in Sudbury, which is 89%. So there is a variation; there's no question about it. It's a five-year plan that we have to—

Ms. Martel: Even if you look at that 89%, 89% of the time they're doing it within the two minutes, which is okay.

Mr. Bates: That's the standard.

Ms. Martel: So when the auditor said 15 of 18 were not, he was very conclusive that those 15 were not meeting the standard 100% of the time.

Mr. McCarter: Yes, and the stats we had were 2004 stats.

Ms. Martel: Can we get that as 2005 statistics, since we've some more recent information? Jim, if your office

can get it in the same format that we already have in the report, that would be helpful.

The second area was the land ambulance operators. We had statistics, between 2002 and 2004, for how many operators were not meeting certification standards. I'm hoping that you have some more up-to-date information for 2005, and I wonder if we can get some information from the ministry about how many didn't meet the certification standards in 2005. I don't need to have that right now, but if you want to give that to us, that would be great.

Mr. Sapsford: We'll provide that information to the committee.

Ms. Martel: The last point I want to raise—I've left it till the end, but it is probably one of the most important ones that I want to get on the public record. Frankly, Deputy, it's to ask for your assistance into looking into a matter that has gone unresolved for a very long time. I raise it on behalf of our Manitoulin-Sudbury District Social Services Administration Board, but frankly on behalf of the other northern ones, because they are all essentially in the same situation.

You said at the beginning of your remarks, and it is true, that the province picks up 100% of the approved costs for emergency services in those territories without municipal organization, and there are many across northern Ontario. The dilemma that DSSABs continue to have is that unlike other ministries on whose behalf the DSSABs provide services, the repayment or payment of those emergency services is one year behind.

Let me give you an example. Right now, a district social services admin board sets its budget. They apportion the relevant cost to the municipalities that are in their jurisdiction. For those areas that are municipalities without municipal organization, each of the ministries is told what the costs are going to be for that particular year. That would include social housing through MMAH or Ontario Works, ODSP through MCSS, child care etc. It seems that the Ministry of Health is the only ministry that pays 100% of these costs, like the other ministries, but do it a year after the fact. The DSSABs are always one year behind in terms of having the actual costs of emergency services, that portion related to municipalities without organization, being picked up by the ministry. Every other ministry flows the amount of money that they owe on an ongoing and regular basis in the fiscal year where the costs are being incurred. The Ministry of Health, for a reason that I do not understand and nobody seems to understand, is always a year behind, which means that the DSSABs are always trying to pick that up and are always behind financially with respect to only the Ministry of Health.

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I would ask for your commitment now for folks to have a look at this. I don't think it's part of the discussions at the land ambulance committee. I suspect you've got organized municipalities and they've got a different focus. This is a very serious concern that's probably not being raised at any table at this time or, if it

is, it's not with much haste. I'd be happy to share more information with you, I'd be happy to put you in touch with whoever you need to be put in touch with, but this is an issue that really has to be resolved. It has serious financial implications, not just for our DSSAB but for the other northern ones, and it has gone unresolved for far too long.

Mr. Sapsford: I'm not familiar with the details of that, but I'll certainly ask and report back on the issue.

The Chair: Do you have any more questions, Ms. Munro?

Mrs. Munro: I just have one, and it goes back to the issues I was raising earlier with regard to the problem of the ambulance being at the hospital. I know that in a lot of the work you do, you are looking at other jurisdictions, and we know they also have problems with emergency room service. I wondered if they have a similar problem with ambulances and if there are any best practices you've looked at in these other jurisdictions on this issue.

Mr. Bates: I can have a go at that. You'll recall the previous auditor's report back in 2000, where they were concerned about the redirection of ambulances. Subsequent to that report, there was a lot of work performed by the hospital community and the ambulance community to come up with a different system of sending patients between facilities. A patient priority system, they call it, and it was put into place and implemented. It has worked very well. It allows the ambulance dispatcher to make a decision on the closest hospital, whether it be in time or distance, for emergency calls. That has been implemented and is working very well as far as direction of patients goes.

In other jurisdictions, the same type of problem is rampant. I'm sure you've seen those headlines in various other places. It's rampant that there's a problem with delays at emergencies. But also, redirection is rampant in other places. We've solved that; they haven't. As far as the delays in emergency departments go, we've looked at other places. There are other places that have decided to go in different directions, and nobody has really resolved it. There was one in western Canada, for instance, that decided to have a nurse on duty in the ER who was ready to receive the patients from the ambulances and would take responsibility for the patients. That's just gone into effect, I believe, in Edmonton, so it's yet to be seen whether or not it's going to be successful. It sounds like a good idea.

In other places, from everything I read—and we read a lot, through the Internet and other places—because of growing emergency visits and fewer beds, or whatever

the situation might be, constraints on the health budgets in every jurisdiction have caused this type of problem to be endemic, if you will, in all jurisdictions. What is coming out here, at least with Dr. Schwartz's recommendations, are a few additional ways of looking at things.

One thing that wasn't mentioned earlier was the software distribution of ambulances. You mentioned that: What we are doing with respect to ambulances? Toronto came up with software that would distribute ambulances according to how busy each hospital happens to be. When one is busy, if you've got two ambulances at one, the software automatically comes up and the dispatcher knows that he or she should send the ambulance to the next hospital, assuming it's within the guidelines of the closest available at that particular point in time. That's going to be utilized in other dispatch centres that we have, so we're going to be implementing that within the next year.

The Chair: Thank you for your presentation. You'll be forwarding the documentation to us in the next little while?

Interjection: Yes, we will.

The Chair: Are you leaving or are you going to come back?

Mr. Zimmer: I'm leaving.

The Chair: Just before you go, I wanted to inform members of the committee that it's Susan's last meeting with us. They're switching the clerks around, which is a normal phenomenon, to give them experience in each place and so she doesn't become too familiar with the members of the committee as well. Susan has done a great job for us, particularly this summer in terms of our being the host of the conference for all of the public accounts committees across Canada. So Susan, thanks very much for all your work on our behalf, and we wish you well on the general government committee—is that it?

The Clerk of the Committee (Ms. Susan Sourial): That's it.

Applause.

Mr. Patten: Where is the public accounts meeting this year?

The Clerk of the Committee: This year it'll be on Prince Edward Island.

Interjections.

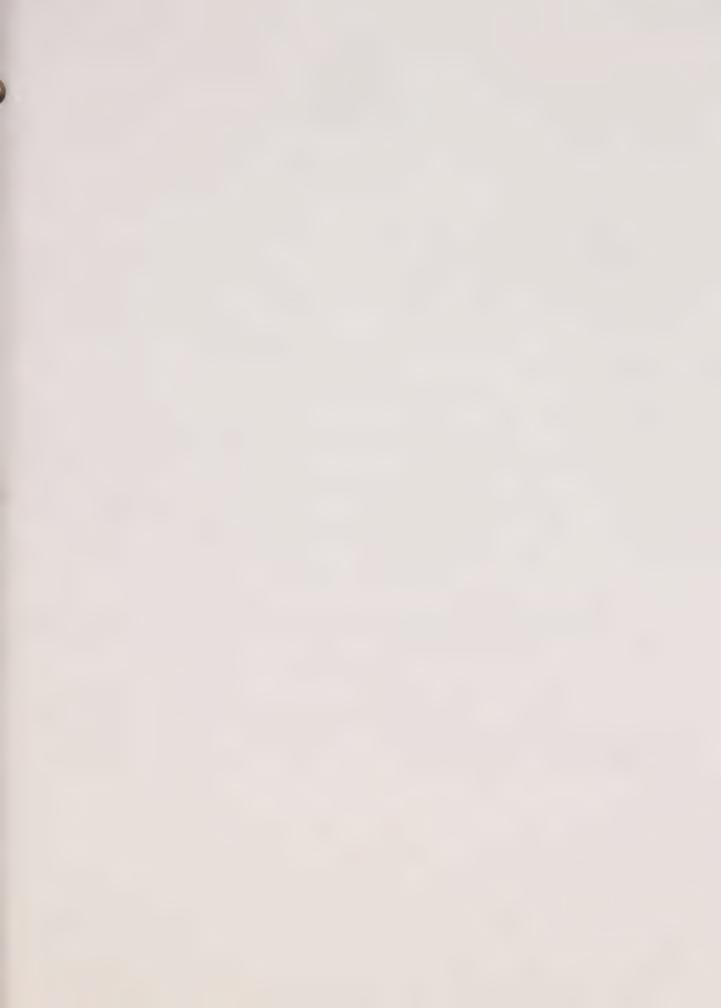
The Chair: I thought you were going to actually express some interest in what the deliberations might be.

We're finished—well, with the Hansard.

The committee continued in closed session at 1228.







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Thursday 30 March 2006

Standing committee on public accounts

2005 Annual Report, Auditor General: Ministry of Children and Youth Services

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 30 March 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 30 mars 2006

The committee met at 0948 in committee room 1, following a closed session.

2005 ANNUAL REPORT, AUDITOR GENERAL

MINISTRY OF CHILDREN AND YOUTH SERVICES

Consideration of section 3.04, child care activity.

The Chair (Mr. Norman W. Sterling): Good morning, Ms. Wright. The normal process for our committee is to have you lead off with a statement, and I thank you very much for giving us all a copy of that statement, and then you might want to introduce those who are sitting with you. If you call forward anyone else from your ministry to assist you during the question period, you might want to introduce them at that time or have them introduce themselves. The floor is yours.

Ms. Judith Wright: Thank you very much, Chair, members and the Auditor General and his staff. I am pleased to be here to talk about the Auditor General's recommendations on child care.

With me I have Lynne Livingstone, who is the executive director of the Best Start and Early Years programs. Beside Lynne is Alex Bezzina, the newly appointed assistant deputy minister for the program management division, which is the division that is responsible for the regional offices in the ministry. Each of these two people has responsibility for aspects of the auditor's recommendations and will be pleased to respond to them during the discussion period.

I would like to begin by recognizing that the Auditor General's recommendations have provided valuable input and direction as we undertake child care improvements in Ontario. As you know, the Auditor General released the child care audit in early December as part of his annual report to the Legislature. Today, I'm pleased to speak to the progress that has been made over the past few months in implementing the recommendations, as well as the steps we are taking to address those recommendations.

First of all, I'd just like to give a brief overview of the child care system in Ontario. The system consists of two types of child care: informal, which would typically be provided by relatives and friends, and licensed care. The auditor's report and the focus of today is on the licensed programs, which encompass both private home daycare

agencies and child care centres that are subject to the Day Nurseries Act and its regulations.

Ontario currently has about 3,950 licensed child care centres and 140 private home daycare agencies. Together they serve approximately 220,000 children, from newborns to age 12. Licensed child care is delivered through municipalities in Ontario. The province's 47 consolidated municipal service managers and the district social service administration boards are the province's key partners in delivering child care services.

Each manager is responsible for planning, delivering and managing its own local system within the legislative and policy framework established by the province. The ministry negotiates a separate agreement with each manager. Funding for child care services is generally cost-shared and is based on these agreements.

With the exception of the new funding through Best Start, the province funds 80% of the prescribed services. These include fee subsidies, wage subsidies, specialneeds resourcing and resource centres. Administration costs are shared 50-50. In the unorganized communities, the province funds 100% of the costs.

Ontario's provincial-municipal partnership in delivering child care services is unique in Canada. The province and the municipalities share a commitment to delivering safe, reliable, high-quality and affordable child care to communities across the province.

This partnership has been evident in the municipalities' commitment to implementation of Best Start, which has been a major focus of the ministry. Best Start was initiated by the province in November 2004 to support the healthy development of children. Its key elements are designed to improve the quality of the early learning and child care system in Ontario, and its goal is to help more children be ready to learn and achieve success by the time they reach grade 1.

In 2004-05, the province and its municipal partners created more than 4,000 new subsidized child care spaces. Further, municipal officials have indicated that with federal funding from last year, approximately 8,500 new child care spaces will be in place by the end of this month. Municipalities expect this number to grow to approximately 14,000 new spaces by September. Many of these spaces are being established in schools, in keeping with the objectives of Best Start. The ministry is implementing the Best Start vision in three demonstration

communities: the district of Timiskaming, Hamilton and Lambton-Chatham-Kent.

I would now like to turn briefly to the specific recommendations of the Auditor General's report. I will begin with the recommendations that relate to quality child care. As you know, the Auditor General identified the need for a child care curriculum framework, better guidance to child care staff and appropriate professional development and educational requirements for all child care workers.

The Day Nurseries Act details the program and staffing requirements that currently exist in delivering quality child care in the province. The government's commitment is to build further on this. Last year, two expert panels were set up to provide expertise and input into two key quality areas of child care. The first, the expert panel on an early learning framework, has been charged with developing a framework that supports a seamless transition from early learning to formal education.

A report by the Organisation for Economic Cooperation and Development highlights the importance of such a framework, stating that an early learning curriculum contributes to quality by providing the clear goals and outcomes that support optimal development for children. The panel is currently developing a framework that will link preschool learning with programs in junior and senior kindergarten. Again, the focus will be on helping children be able to enter grade 1 well prepared. The ministry looks forward to receiving this report in the fall of this year.

While the framework is indeed critical, a child's positive experience while in licensed care is equally determined by the quality of child care staff. I'd like to recognize the important contribution of all those who work within the system and are dedicated to the children in their care.

The Auditor General pointed out the relation between qualified staff, the delivery of quality programs and better outcomes for children. The second expert panel on quality and human resources is focused in this area. Research shows that human resources is a most critical factor in predicting quality in early learning and child care services.

The expert panel is currently examining such key issues as qualifications of staff, standards for professional development, recruitment and retention, and training. We look forward to receiving this report in the fall as well.

Work is also progressing on the creation of the College of Early Childhood Educators. The proposed college will be responsible for setting qualifications and standards for ECE professionals and establishing requirements for professional development.

I would also like to note that this past December, as per the Auditor General's recommendation, the ministry's regional offices were directed to review child care centre files to make certain that appropriate documentation about early childhood education qualifications and experience of child care centre supervisors was up to date and on file.

The two expert panels I discussed will help us ensure a quality child care system across Ontario. The Auditor General's recommendations on licensing and inspection will help us strengthen the foundations of this system. These recommendations focus on improving the nature of licensing inspections to better assess quality in child care services.

In response, the ministry is updating the licensing checklist and manuals so they reflect the most recent requirements for compliance and documentation. The new checklist will confirm, for instance, a staff list, the age groups of children with whom staff members work and the hours they spend with children. This will help verify that staff-child ratios are maintained.

These updated materials will be completed in the fall. Licensing inspectors or program advisers will be fully trained in the new requirements.

Under the Day Nurseries Act, ministry staff has responsibility for inspecting child care facilities to enforce licensing requirements. To better support this goal, we recently established a licensing and compliance review working group within the ministry. It provides a structured forum for regional program and compliance managers to plan for and manage the requirements of licensing and compliance functions. It also allows them to better share information and best practices and identify training needs.

The ministry is also moving forward on an on-line licensing system that will be maintained in real time. A pilot test of the system has just been completed. When fully operational, it will improve monitoring and give program advisers immediate access to the most recent information when they're on-site at a child care facility.

We all recognize how very important it is for children to be safe, secure and well-protected at all times. Incidents that involve serious injuries, restraining a child or allegations of abuse in child care must be reported within 24 hours to the ministry.

The Auditor General found that reports and follow-up reports on serious occurrences were not occurring on a timely basis, which therefore limited the timeliness of corrective action. The ministry is committed to improving this critical area. Policies and procedures are in place to ensure that serious occurrences are reported and reviewed, and we have directed the regional offices to improve monitoring of compliance.

The Auditor General also noted that fee subsidies are inconsistent across the province. As mentioned earlier, municipalities manage the child care system and therefore determine eligibility for child care fee subsidies. Currently, eligibility for child care subsidies is based on a needs test. The government is committed to changing this and moving to an income test. The ministry is currently developing a model for an income test to determine eligibility for fee subsidies. This new income test will be applicable province-wide and will provide greater fairness and standardization across the province. In

accordance with ministry policy, regional offices were directed in December to review a minimum of 5% of fee subsidy files.

I want to briefly address the question of managing and analyzing wait-lists raised by the Auditor General. Again, I'd like to note that municipalities are responsible for planning for the delivery of child care at the local level, including setting targets for services to be provided. Local managers are able to conduct a comprehensive analysis, which reflects local priorities and helps to ensure fairness in the system.

The Auditor General raised concerns with respect to wage subsidies, and we are pleased to move forward in addressing them. To address the auditor's concerns, the ministry has provided revised wage subsidy guidelines to the local system managers. These guidelines give direction on the distribution of wage subsidies and wage improvement funding to child care workers.

Regional offices have also been notified of the importance of monitoring that wage subsidy funds are spent in accordance with program requirements. Regional offices are also undertaking a 5% review of wage subsidy files and, again, results will be fully analyzed to ensure compliance.

As I mentioned earlier, the expert panel for quality and human resources is examining a full range of child care human resource issues, including compensation. We look forward to its recommendations, and we'll continue to work closely with our municipal partners on this important matter.

The ministry has also taken steps to address key recommendations related to strengthening financial accountability in child care.

With respect to the submission and approval of budgets, an advisory group was set up to confirm that data required by the ministry on child care was relevant. This review is now complete, and improved data requirements have been included in the budget package for 2006-07. We are also updating child care service management requirements across all program areas.

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Further, the ministry's governance and accountability framework includes a transfer payment business cycle checklist. The 2006-07 budget package directs the regions to use this checklist as a tracking tool to ensure overall better performance in providing child care services. We are continuing to provide training on transfer payment business process and accrual accounting to regional staff.

The ministry has also taken several steps to ensure that management information systems provide sufficiently detailed, relevant and accurate information to allow informed funding decisions and identify actual-to-budget variances.

As well, the ministry is upgrading the Ontario child care management system to link each consolidated municipal service manager with the ministry. This will give the ministry direct access to child care system data.

This initiative will be in place by June, and will help strengthen accountability in the child care service system.

Finally, I would like to speak to the status of the federal funding under the early learning and child care agreement. Last year, as the members are aware, the Ontario government signed a five-year, \$1.9-billion agreement with the government of Canada to support early learning and child care programs in Ontario. As you are also aware, the new federal government has provided notification that it will terminate this agreement in 2007-08. For 2006-07, Ontario will receive a one-time final transfer payment from the federal government of \$254 million. The recent Ontario budget announced that this \$254 million will be allocated over four years, which is the life of the original federal agreement. This will provide \$63.5 million per year to support the implementation of Best Start and stabilize the system.

In allocating these resources, the government has a key priority: to sustain and secure the spaces that municipalities have created. The government will combine this payment with new funding from the 2003 multilateral framework agreement. This will result in \$122.5 million available for Best Start this fiscal year, growing to \$142.5 million. As I mentioned, the goal is to secure and sustain the approximately 14,000 licensed child care spaces that municipalities have indicated they will create by September.

There is strong evidence that high-quality early learning and care are important for a child's learning and future success. Studies have found that children who are ready to learn when they start school are more likely to complete their education, find employment and make positive contributions to society.

In concluding, I want to once again highlight the ministry's partnership with the consolidated municipal service managers and the district social service administration boards, and recognize the superb job they do in planning and managing the delivery of child care in communities across Ontario.

I want to recognize the school boards, child care operators and advocates, children's health professionals and parents who join us in our commitment to a quality child care system. I particularly want to thank the child care workers, who care so well for the children and whose contribution is critical to their future success.

I also want to thank the committee members for your interest in this important issue, and for taking the time to raise your concerns. Your comments will help the ministry and its partners support the best child care services possible.

The Chair: Thank you very much. I have just one general question before we go to the members. There are 220,000 children who are being served under the licensed program. I presume the 140 private home daycare agencies are licensed as well. Are they?

Ms. Wright: Yes.

The Chair: How many children are out of the program? In other words, in Ontario we've got 220,000 who are in the program. How many are in—

Ms. Wright: Are in informal care?

The Chair: No. I mean how many kids are there from zero to 12 in Ontario?

Ms. Wright: I'm sorry; I don't have that figure. You're trying to ascertain how many are in licensed child care versus how many are in informal child care?

The Chair: Or are just outside of the system.

Ms. Wright: Lynne just indicated about 10% to 12% of children in Ontario are in licensed child care. I don't have the figure of the number of children from zero to 12 in Ontario.

The Chair: Then there would be about two million kids in this category overall in Ontario.

Ms. Wright: That's probably about right. Yes.

The Chair: Somewhere around there.

Ms. Wright: Thank you, sir. The Chair: Okay. Questions?

Mr. David Zimmer (Willowdale): There's of course a distinction between compliance issues and quality-of-care issues. I gather that the compliance stuff has to do with licensing checklists and deals essentially with health and safety issues; the quality side of it deals with the quality of care and development opportunities etc.

Reading through the report, what just popped up was that they haven't got the curriculum guidance marked, and it should be. The really interesting thing was the suggestion that the staff at the ministry responsible for that oversight themselves tended not to have backgrounds in early childhood care or equivalent kinds of experience. What's the plan to get the staff up to scratch, up to the skill set, so they can effectively oversee this issue?

Ms. Wright: Just to be clear, the staff in the ministry are actually the staff that are responsible for licensing and ensuring that the licensed child care centres are in compliance with the requirements.

Mr. Zimmer: Right. The issue is, on the quality side, that they tend not to have the early childhood care background or equivalent kind of educational experience.

Ms. Wright: We're taking a number of steps. One is, as I referenced in my presentation, that we're actually updating a number of the manuals that are related to the process of licensing. We're updating them to incorporate new information, but also to incorporate a more detailed description of what those are. The manuals are the basis on which staff do their licensing. We will update those manuals and then we will do training with the staff on those manuals.

In addition, as I indicated, we have set up within the ministry a compliance manager working group. The purpose of that working group actually is to enable staff to share both information and best practices, but also to enable them to identify what additional training needs they have in order to be able to do their jobs as best as they can.

Mr. Zimmer: That's on the compliance side. On the quality side, what's the plan?

Ms. Wright: The distinction between quality and compliance is not quite as clear as you're making it. There are a number of aspects of what we look at in

licensing or what I would call quality as well. For example, the one highlighted by the auditor himself was that we do check to ensure that the staff in centres have the qualifications that are necessary for them to be in those centres and to work with children. The staff that actually do the licensing and compliance also look at aspects that I would call our quality, such as staff qualifications and the existence of certain program elements. Perhaps Lynne could expand a bit more on that, if that would helpful to you.

Mr. Zimmer: Not to press the point, but I thought that around pages 84 and 85, in that area, there was a suggestion that the staff was primarily trained and skilled in compliance issues but not so much in the educational development side of things in the early childhood care curriculum. Am I right in that?

Ms. Wright: You're right in the very specifics of the curriculum, partially because we don't actually have an early learning curriculum yet. We're just in the process of developing one. That's what the expert panel is going to be working on and will be reporting to us in the fall. There is an expert panel, as I mentioned, on an early learning framework. We need to, obviously, develop the framework and put it in place. As part of putting it in place, we will be training staff on it. But at this point they don't have an expertise in, you're right, an early learning curriculum because, as I said, it doesn't exist yet. But they do have a certain expertise on some of the quality elements, which is what I was referring to, related to staff qualifications and some other parts.

Ms. Lynne Livingstone: The licensing staff have basic qualifications in either early childhood education or they have a social service diploma, as well as a sound knowledge of children's services, healthy child development, special needs, resourcing; those are the basic qualifications. Their job is to look at the requirements under the Day Nurseries Act. As the deputy indicated, the requirements for licensing under that act cover a wide range of areas that do impact on quality. They cover staff qualifications, child-to-staff ratios, the kind of programming that should happen, nutrition, the physical environment

So the compliance aspect is linking the requirements to what they see.

The enhancement on the quality front is around further developing the curriculum expectations, as the deputy has indicated. That's what our expert panel on the early learning framework will provide for us.

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Mr. Zimmer: What kind of dollar resources are you going to put into that latter exercise?

Ms. Wright: It's a bit premature to answer that question, because we actually have to look at what the learning framework is going to be. Once we actually get the expert panel, we'll have a better sense of moving forward and what the precise details of that are going to be.

Mr. Zimmer: Just so I understand, that sort of exercise might deal with something like how to develop a

child's reading skills in one of these centres, that sort of thing.

Ms. Livingstone: What that panel is looking at is the developmental continuum of children, what are the outcomes that you would expect at certain age groups for that child, and trying to be clear about what would contribute to positive outcomes.

What that group is also doing, which is an important aspect of the Best Start plan, is not just looking at that in isolation; they're looking at how they can achieve those goals and link to the JK-SK program so there's a continuum for children so they'll do well when they hit grade 1.

Mr. Zimmer: My last question in this round then is, how many service providers in the last year or the last couple of years have been disciplined, if that's the right word? What's the disciplinary process, if "discipline" is the right word, how many licences have actually been lifted, and what are the consequences of that for the children in the centre, if a licence gets lifted? How do you bring the hammer down on a centre that's not doing what they should be doing?

Ms. Wright: Perhaps I could ask Alex to walk though for you briefly the licensing process.

As we do a review of licensing, there are a number of stages that we go through to work with the operator to bring them into compliance. It will somewhat depend on how serious the issues are. There have been cases where we have ended up in court with operators in terms of just a difference of opinion about the compliance issue. But I'll ask Alex to walk you through the steps.

I don't have with me the roll-up data on the number of compliance issues we've had, but I could see if I could get that for you.

Mr. Zimmer: Yes, thank you. I'd be interested in that.

Mr. Alex Bezzina: Just a few points regarding the renewal of licences. I won't speak at this particular point in time about the granting of a new licence, because I think your question has more to do with compliance.

Mr. Zimmer: Yes.

Mr. Bezzina:: The licensing staff person will go into the facility or to the child care centre. Although the licensing process is done on a yearly basis, the licensing officer will arrive at the door unannounced. There's a general understanding that this is happening on a yearly basis, but they arrive at the door unannounced. They bring with them the licensing requirements, the checklists, as well as any serious occurrence reports that were filed by that child care centre during the period of that year. They sit down with the log of the child care centre and do a comparison between what the log says and what the serious occurrence report says. We also review any complaints that may have come in or any of the other concerns that may have been on file regarding that particular organization.

Depending on the outcome of that particular visit and any subsequent visits that may need to take place in order to compile all the information, the centre may get a regular licence, which is issued for up to a year, or they

may get what is called a regular short-term licence, which is typically given in the case of a new facility. So you won't give them a full year; you'll give them maybe six months just to make sure they continue to be on track. You may give them a regular licence with terms and conditions, which is to say that, "Although you are currently in compliance, you do have some issues that we've seen, so in addition to the regular requirements, we're going to ask you to do a few other things and we'll be checking on you in that regard and doing inspections in that regard." You can also get a provisional licence. If there are problems, you may be given a licence. If the problems are very serious, they have to be fixed before any licence, even a provisional licence, is given. But if they're addressed, you may be given a provisional licence that says, "You know what? You still need to do a few more improvements, and we're going to come back and visit you before we give you a regular licence."

If those things aren't met, then there is a process that is gone through whereby the licence is revoked and the centra would not be allowed to coveret.

centre would not be allowed to operate.

Mr. Zimmer: I'd appreciate some information on that. Presumably you track those complaints and disciplinary problems and outcomes and so forth. But can you give me your sense of how big an issue this is, getting in and disciplining and lifting licences and imposing conditions and so on? Does it happen rarely or frequently?

Ms. Wright: It doesn't happen all that often. I would hesitate to want to speculate, since I don't have the data; I'd prefer to see it. As Alex indicated, there is a kind of stepped process of working with the licensed operator to ensure that they are in compliance.

Mr. Zimmer: Is it rare for a daycare centre to get their knuckles rapped seriously?

Ms. Wright: I don't have the data, so I'd hesitate to say "rare."

Mr. Zimmer: Okay. Thank you, Mr. Chair.

The Chair: John?

Mr. John Milloy (Kitchener Centre): I can go the next round.

The Chair: You still have some time left on your 20 minutes. You have about seven minutes. Do you want to go now or do you want—are you going to be more than seven?

Mr. Milloy: I don't know.

The Chair: Okay. Start off, and we'll take it from there.

Mr. Milloy: I wanted to ask about the 14,000 spots, or the 25,000 spots, depending, I guess, on how we move forward. This is just for my own knowledge. I'm having trouble understanding how the money from the federal government is creating these spots. I'm sorry to ask such a—you'll have to indulge me. My understanding just from the announcements that were made locally is that there was a portion for capital, which I believe went for not-for-profit. Obviously, there's sort of an administrative piece which will go, in my case, to the municipality, but to whoever is running it. But beyond that,

it's sort of capital and subsidies for the child care spots? Are those basically the two key components that are being used to create these spots?

Ms. Livingstone: Yes, it is. In the 2005-06 allocations that we put out, there was an allocation for major capital, to undertake either building brand new centres or major renovations of existing centres. That creates the physical space. Then, in addition to that, there were allocations for what we call operating. The funds that we allocate to support new spaces are exactly as you've said, administrative dollars in terms of assessing eligibility for fee subsidies, but there are actually other resources, including dollars for fee subsidies for families that might require assistance, which will go towards paying some measure of the cost of having that child in the space, as well as wage-subsidy dollars, which contribute some resources to assist with the salaries and benefits of the staff who are operating those spaces.

There are also other resources that contribute to operating a space that were part of that allocation. In particular, there were resources around special-needs children. Those resources go towards special-needs resource teachers or special equipment meant to support a special-needs child who might be participating in that centre or being in that space, if you will.

So it's that combination of resources, both the operating side and the capital side, that is resulting in children in those spaces.

Mr. Milloy: Okay, now I'm really confused. The auditor indicated that the wage subsidies were—that there was a series of programs introduced in the early 1990s that were then capped and that there was no new wage subsidy money. But you're saying there is new wage subsidy money under the agreement. Or am I misunderstanding everyone?

Ms. Livingstone: Through the funding that we had available in 2005-06, we provided operating allocations, and through our guidelines around how they could be used we did indicate that that new funding could be used to support wage subsidy, to support the staff in the new spaces. So municipalities had the flexibility to allocate the resources to that. It's true that aside from the \$58.2 million that went out in 2004-05 to create 4,000 new subsidized spaces, there had not been, prior to that, significant investment in wages. That part is true, and that is the period of time that the auditor was looking at. But in our new allocations, there was the flexibility for wage subsidies.

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Mr. Milloy: How you create a new spot is what I'm trying to get at. How does the service provider determine which group gets the wage subsidy? Also, is there a difference in wage subsidy between profit and not-for profit? Are profit not eligible for it?

Ms. Livingstone: Both are eligible for wage subsidy. There is a policy in place in the province that indicates that, aside from this new funding, if a centre closed and wage subsidy became available, it could be redistributed

amongst the existing centres, be they for-profit or not-for-profit.

In terms of how a space is actually created, in this case, under Best Start, we're starting from a very involved community process to identify where those spaces should be and who the operator should be. You may know that under Best Start we have a schools-first policy, so the school boards are actively involved in the identification of sites for our new child care spaces; they're a partner in that. The municipality works with the community to identify where, and then they'll work to identify who the operator will be.

Once the operator has been identified and the site has been identified, our licensing people then become involved in order to make sure that new centre or those new spaces are created to meet the expectations under the Day Nurseries Act. As they're creating the new spaces, the role of the municipality is to determine what level of operating funds they'll engage with that operator on, in terms of how much fee subsidy, wage subsidy they'll be able to apply to those new spaces.

Once the operating allocation is determined, they determine the size of the centre, how many spaces, what the staffing requirements are, what the program will look like. Then they're in a position to be licensed and open and receive children. That's the general process.

Mr. Milloy: The new wage subsidy money, then, is only tied to the new spaces, so to speak?

Ms. Livingstone: The allocations that went out in July were twofold: to support and try and address some issues around wage subsidy that existed in the system, but also to support new and expanded spaces, to address the new staff that would be coming on, to ensure there was wage subsidy for those new staff for the new spaces.

Mr. Milloy: What I'm trying to get my head around is, if I come forward and say, "Look, we're going to open up"—what I'm always told by my municipality is, "Don't talk about subsidized spaces; talk about subsidized families or subsidized children." If I'm going to offer 100 more, or 10 more, subsidies for children and I have a local, for-profit licensed daycare down the street and I'm now, all of a sudden, eligible—they've got nine kids, they take the 10th because there's a subsidy available. Is that a new space? How does that fit into the vision of the 14,000 and what's going on at the schools? The way it's always explained to me, it's a bit movable. One year the operator may have 10 kids, five of them subsidized; the next year, 10 kids, three of them subsidized; the next year, nine of them subsidized. How do you jive that with the 14,000? I'm allowed to say "jive."

Ms. Livingstone: It's a really good question, actually, because there is confusion around spaces and subsidies and subsidized spaces. Probably the clearest way I can explain it is to say that the 14,000 are actual physical spaces. They could be filled by a child whose family requires some assistance with the cost of that child care, and that family would have a fee subsidy or some portion of a fee subsidy. That space could also be filled by a full-

fee-paying parent or family. So there is movability in the system year over year as children come in and out.

The number of children in the system supported by fee subsidies is largely determined by the available resources for fee subsidies. In this instance, what's happening under Best Start is that we are expanding the system to make access overall more available, but we're also moving forward to have an income test for eligibility for fee subsidies which will make that more standardized and provide more affordable child care for more families. So those two things will bring more people into the system.

Mr. Milloy: If the capital is up front and it's not all necessarily subsidized spaces—maybe I shouldn't ask this question—why don't we see the financial need drop substantially? It's front-loaded. You've gone to a school, you've put in the money to create all the spaces. A portion are subsidized but a portion are full-fee-paying. A few years down the line, shouldn't it be up and running and life is good and there's only a small percentage of outside dollars that are needed? I'm just thinking of graphing it. Once these spaces are physically created and the capital has gone in—yes, some of it goes for subsidization but you're saying some of it doesn't. How does that need reflect over time? Or does that question make sense? I mean, if you need X number of hundreds of millions first year, part of that's going to capital, part of that's going to the start-up, and then in subsequent years you'd think that the demand for outside money would go down and level off to subsidies and that sort of thing.

Ms. Livingstone: The way we were looking at the allocations around Best Start is the funds that were used in year one to support the capital expansion would then flip in the next year to have the operating dollars to support those spaces. So we know that there is significant demand, not just for spaces, but for fee subsidies. People are looking for assistance with their costs of child care. So I don't know that the requirement for ongoing operating dollars to support those families necessarily lessens. Certainly I would say that the rapidity with which municipalities have moved to expand the system in an effort to meet the need in their community reflects that there is a significant demand out there for this kind of service.

Mr. Milloy: So I guess the final big question is, what do we tell our municipalities in light of what's happening? The deputy spoke briefly in her presentation, but I had an extremely excited municipality and now I have a very disappointed and unsure municipality. So I guess the question is, what are we supposed to tell them about the longer term?

Ms. Livingstone: The minister actually sent a letter to all municipalities earlier this week outlining the government's direction with respect to how we're going to proceed with Best Start in the current funding environment. I guess the priority is to try to secure and sustain the 14,000 spaces that have been undertaken to date by the municipalities. We know that they're looking for secure and predictable funding, which is why we have

taken that one-time payment from the federal government and allocated it over four years in order to bring some stability to the system. We are going to work very closely with our municipal partners on how we move forward. We've done this from the beginning with Best Start because they're such a key player. In fact, we're holding an information session in the next couple of weeks with our municipal partners to talk about exactly the kind of details your municipality is concerned about: What will their allocations be, where should they focus their energies?

A lot of effort went in at the community level to develop their 2005-06 plans and their 2006-07 and 2007-08 plans. We want to respect that work and use it to move forward and support what's been done to date, and that's really the major priority for the funds we have available.

The Chair: Thank you. Just a supplementary to Mr. Milloy: Of the 14,000 new spaces, how many will be subsidized?

Ms. Livingstone: The subsidies are separate from the spaces, so it's dependent on the number of families that will—the subsidy goes with the child.

The Chair: But you must have an estimate of what it will be.

Ms. Livingstone: The municipalities have put forward in their plans how many fee subsidies they believe they can bring on with the funding available. The difficulty in answering your question is, at the same time that we are doing this we are also moving from the needs test to an income test. The number of fee subsidies that we're able to support with the new income test is highly dependent on the model we wind up using. 1030

The Chair: What are you budgeting for? Are you budgeting for 7,000, are you budgeting for 2,000, 14,000 or what?

Ms. Wright: Part of the challenge in counting subsidies for children who are receiving subsidies is of course that it's not a set amount; not every child receives the same amount. What the municipalities need to do in managing the system is a needs test, as Lynne has indicated. A subsidy for the family is dependent on that. They have a certain amount of dollars that they allocate according to what the family needs are as well. It's really difficult. It's not that it's a standard amount that we give to every single family; it's a much more fluid process. So it is actually very challenging to try and count the number of subsidized—

The Chair: But you've got a number somewhere in your ministry as to what you're expecting. Are you expecting 7,000? Are you expecting half and half?

Ms. Livingstone: The challenge in answering your question is that we really are in the middle of developing—

The Chair: You have no numbers in your ministry, then?

Ms. Livingstone: What we allocated to the municipalities was operating funds. We asked them to tell us what level of fee subsidy they would support with that amount of funding, so that's in their plans to a certain degree.

The difficulty that they would relay to you, sir, and the difficulty that we're in is that they know we are moving to a new income test model. This will change the number of children who are able to receive fee subsidies, depending on what that model looks like. Once we know the model, I'd be in a much better place to answer your question.

Ms. Wright: I believe the Auditor General himself indicated that this question of fee subsidies is difficult to ascertain because of the variation between municipalities. That's why we believe that moving to an income test will actually help standardize it to better be able to determine the number of—determine consistently.

The Chair: You've got to have numbers, and you're not sharing them with us, in terms of what you expect.

Ms. Livingstone: I can tell you what is currently in the system. What is currently in the system is approximately 119,000 children receiving fee subsidies.

The Chair: So it's approximately half.

Ms. Livingstone: Approximately half of the licences.

The Chair: So you would expect that half of the 14,000 would be receiving subsidies under the present circumstances?

Ms. Wright: Before we move to the income test.

The Chair: If you want to give more money out—

Ms. Wright: Sorry. We're not trying to be argumentative; we're just trying to say that that piece of information will be shifting, both because of the way the needs test works and because of the income test.

The Chair: The other point of clarification I would like is, on the 220,000, how many are from zero to six? Federal money is for zero to six, is it?

Ms. Livingstone: Yes, it is.

The Chair: How many of the 220,000 are zero to six and how many are over six?

Ms. Livingstone: Approximately 104,000 of the spaces are for zero to six, I believe is the answer. I'd like to confirm that for you but I believe that is the answer.

Ms. Wright: We can get back to you with a breakdown of the age.

The Chair: Thank you. Andrea, and then Julia.

Ms. Andrea Horwath (Hamilton East): If I could just ask, following on some of the questions that you've already asked: Of the 14,000, how many are zero to six, or are they all three to six?

Ms. Livingstone: They're fully zero to six. There's a priority on children who are four- and five-year-olds but they're completely zero to six.

Ms. Horwath: But how many of the 14,000 would you expect to be the four to fives who are in the schools? That's what I'm really getting at. How many of the new spaces created will be in the school system add-ons as opposed to in the community spaces?

Ms. Livingstone: I don't have that information at hand but we can get it for you.

Ms. Horwath: I would appreciate that.

Ms. Wright: You will get your breakdown of the numbers and the age groups.

Ms. Horwath: Thanks. I appreciate that. There are two points about that. But first of all, following up on some of the other questions that were asked, when is the final decision going to be made on the income testing model?

Ms. Wright: We're looking at a number of options now, so we'll be going forward to government some time in the next couple of months with some options. We're fully aware that we need to move on this expeditiously. We've done some work with a couple of municipalities to do some significant data collection to run the models to see which ones are the most effective; we're finishing off that work. Then we'll be looking at what the recommended option is.

Ms. Horwath: The next question is around the number of spaces in schools. I guess, depending on what that looks like, it will determine whether the issue that I have to raise is one that's going to be a big problem or not. It was raised in my community particularly by some of the smaller groups that are smaller community-based centres. They were concerned, if the bulk of the fouryear-old and five-year-old money was put into schools, whether that would have an effect on the ability for those centres to attract that age of children. If the system was built up to basically provide that service in schools, then what happens to the provision of those—does a gap occur in the other types of providers, and what effect will that have on their income stream really for the per diems that are at that higher level than, let's say, the older children and how will that affect their budgets? I'm sure you're aware of this because I know that they've actually sent some correspondence to you about that, but I thought it would be important for me to understand from your perspective whether you think that will be a problem or if you've at all dealt with it in your work.

Ms. Livingstone: It is an issue that we're familiar with. I think the concern that some communities are dealing with is exactly as you've indicated, that people who were dealing with perhaps four- and five-year-olds before but didn't offer the service in a school are now going to be faced with different challenges. Some of this is getting sorted out through the local community planning process in terms of what operators will provide the services in schools. Some of them will move their centres into the schools and some will focus more on the younger age group. As you say, once we're able to talk fully about the 14,000—I think there is some balance in the system. When we first started with Best Start, we talked about just four- and five-year-olds. Part of the reason that we shifted to address the larger age group and have a moderate growth for the younger children was to address the concerns of operators but also to make sure there were services available for that younger group. Local communities are working through some of those decisions as they determine which operators will provide which service.

Ms. Horwath: I'm glad you raised that because that was my next question. The issue that's arisen in some local communities is the fact that the boards have internal

providers or preferred providers. Usually they're actually daycare companies or not-for-profit corporations that have been established by the school board. That's the situation in my community. Both the separate and the public school boards have their own internal provider that's developed historically over the last 20 years as they've seen a need. The problem becomes, to what extent do you have an open bidding system for new spaces if in fact the schools where the bulk of the dollars are going already have their internal preferred providers? My understanding is that my local community kicked this up to the ministry and the ministry's saying, "That's your problem, not ours." My CMSM is saying, "Now we're in a political quagmire because we have to deal with the providers and the school boards and we don't want to get caught in the middle of this. We really are seeking some ministry guidance or some ministry guidelines that clarify the extent to which an open bidding process is required."

Can you clarify some of those issues for me and let me know? I haven't been in touch with them in a little while. Everybody's been focused on worrying about the federal programs, so I don't even know where this stands. Can you let me know what's happened in regard to that issue?

Ms. Livingstone: I'm well aware of this issue. In fact, I was participating in discussions in Hamilton about this in the fall. The discussion we had at that time was—and I should be clear, the decision on who the local operators will be on the delivery of child care is a local decision. The ministry establishes guidelines around what service has to be provided and expectations around that service provision. But the decision about who that will be and who the municipality enters into a purchase-of-service contract with for that service is really at their level. We did talk in those meetings, though, about the need for the community to be comfortable with the process that was being used and that it did need to be open and transparent.

My understanding from those discussions—and I think perhaps we might be hearing different information—is that the municipality was comfortable with the service provider approach that the two boards were using. My understanding is that it's an issue that the community has come to some resolution on.

I think the other aspect of it is that there were other spaces coming on that were outside of the school system in Hamilton, and that did give room for some of the smaller operators to be able to have some growth and participate in the expansion. That's my understanding of the current situation.

Ms. Horwath: My last comment in this regard, then, is this: If we know that this has been a problem in one of the demonstration projects, I think the ministry might want to think about how to avoid a similar difficulty. Let's pretend that what's happening federally isn't happening, and we were going to ramp up, the way we're trying to do in the demonstration sites. If the ministry is saying that our target is three-, four-, and five-year olds-whatever; the school-based system-and we've learned from this demonstration project that this becomes an issue, it creates a lot of problems at the local level: it has potential to, anyway. If the whole point of a demonstration project is to learn these things, I need to feel comfortable that you've learned something about this and that the next time you're ramping up a program where you're identifying the location where these programs or spaces are going to go, you're building in guidelines that deal with these problems in advance.

I understand what you're saying. I totally respect the idea that the initiative takes place at the local level and it's a local decision-making process and all of that. I have no problem with that. But if we know in advance that by requiring certain places to be the locations and that these places specifically have preferred providers, then we're building in guidelines that help the municipalities and CMSMs deal with the political problem. If a guideline can be put in place that addresses that—for example, where your school boards are in a position to have internal providers, they must be opened up to local bids. Something of that nature, I think, is appropriate, because certainly the CMSM wasn't in a position to force the school boards either way. But if it's a condition of the program, then it makes things a lot easier. I would just provide that little bit of advice.

Ms. Wright: Thank you.

Ms. Horwath: I still have a few more, if you don't mind. Mr. Chairman.

The Chair: There's lots of time.

Ms. Horwath: I wanted to raise the issue around the licensing, because I think Mr. Zimmer started on that issue. I just want to confirm that the response was that the checklist has been updated, right? That was in the initial-

Ms. Wright: Is being updated, yes.

Ms. Horwath: Is being or has been? Is being?

Ms. Wright: Is being.

Ms. Horwath: And so the manual that supports that is being as well. Is there a timeline for that to be completed?

Ms. Wright: The fall.

Ms. Horwath: Okay. The other issue was the extent to which the people who are doing the inspections are up to snuff on current practices. I know that you indicated that that was the case; you were comfortable with their training, but in the report—

Ms. Wright: Actually, if I can just interrupt—sorry we are intending to do additional training as well, and we have established an internal committee to make sure that happens. We believe that they are good staff, but we do recognize the need to have ongoing training as well. I think the auditor has raised this point and we're respond-

Ms. Horwath: Okay. Great, because it is clear here— Ms. Wright: Sorry; I didn't mean to interrupt you.

Ms. Horwath: No, that's fine. It is clear here that they themselves are saying that they need corporate training on current issues and best practices in child care, so you're committed to doing that as well. And the timelines for that?

Ms. Wright: We will do it in conjunction with putting out those manuals and the updated checklist. The committee is in place now and is beginning to turn its mind—if a committee can turn its mind—to what the work plan would be, but the actual training will be parallel with the release of the checklist and manual.

Ms. Horwath: If I can just extrapolate a little bit, the target is to try to have all of these pieces in place so that, as the 14,000 new spaces are implemented, these pieces are pulled together and the system is operating—

Ms. Wright: Obviously, having an effective inspection and compliance system is extremely important, and we need to have a strategy of ongoing training and improvement. I think this was flagged by the Auditor General. We're very conscious of putting that in place.

Ms. Horwath: I don't know how much time I have.

The Chair: You've got a little bit of time. You've got another 10 minutes or so, if you want it now. Or do you want it later? Julia's anxious to get going.

Ms. Horwath: I'll let Julia go ahead.

The Chair: Okay, so I'll go back to you right after Julia, for a 10-minute hit.

Mrs. Julia Munro (York North): Thank you very much. First, let me apologize for the conflict I had in terms of not being able to be here when you actually spoke. I'm hoping that my questions don't overlap issues that others have raised.

I wondered if you could just give us a starting point. When you mentioned on the first page of your presentation that there are about 220,000 children currently served by the licensed options that are listed there, do we have any idea how many children there are aged zero to six in the province?

Ms. Wright: I think this is the question Mr. Sterling was asking.

The Chair: I said within the program there were 105,000, and then if we extrapolate, it's probably about a million.

Ms. Wright: Lynne is just doing some math for me here. The number of children zero to six is approximately 850,000.

Mrs. Munro: Okay. I'm just wondering, given that you mentioned the issue around demographics in terms of future planning and things like that, do we have any sense—and I give you the choice of choosing a date: 10 years, 15 years. What sort of demographic futures are being used as your planning tools for children zero to six in the next 10, 15 or 20 years, whatever you choose?

Ms. Wright: Perhaps Lynne can add to this, but obviously we are aware of the basic demographic projections that you would do on growth patterns, on the increase in the number of children. I think the challenge on this one is not the overall provincial growth pattern but actually where families are moving and which municipalities have particularly high growth areas. We do know that a number of the GTA areas are growing rapidly, not only in terms of children but in terms of the

number of families needing services there. It's a double challenge to do any kind of projections on demographics, which everybody knows from that, but also then to look at what the growth patterns are in different communities.

The different municipalities also will have had a different capacity to be able to do some of their own projections, both in terms of the geographic dispersion of families and children as well as just the overall demographics of children.

I don't know if Lynne wants to add anything.

Ms. Livingstone: I guess some of the other kinds of demographic aspects that we consider, particularly when we're looking at planning for child care, are the factors that impact on the need for child care services. So in addition to the population projections for children zero to six, we're also looking at factors like low income, low levels of education, and English or French not being the first language as other factors that help to predict a need for child care. As the deputy has indicated, we do look at the growth. But in addition to that, we're looking at geographic factors that impact on need, because that can play on the type of child care or the expense of child care that needs to be delivered, particularly in northern or rural areas. Those are some of the other factors that we consider.

Mrs. Munro: In the information that we have, when you suggest there are 850,000 children in zero to six, then of the 220,000 who are in licensed facilities, approximately half are the zero to six; is that correct?

Ms. Livingstone: According to the information I have in terms of the number of children enrolled in our child care system who would be in the zero to six age group, it's about 130,000 to 134,000 children. I'd just like to be clear that those are children who are participating both in child care centres and in home child care settings.

Mrs. Munro: Yes. I understand and appreciate the difference.

I wanted to go to a couple of other areas, picking up on some of the information you've already provided to others. On the question of the inspections and the compliance issue, is there any element of this that is public information?

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Ms. Livingstone: The basic requirements that a child care centre or a private home daycare would need to meet for licensing are in the Day Nurseries Act, and that is public information, if you will. We also share with the municipalities and our operators the day nurseries manuals and the private home daycare manuals, which is additional information about expectations around the licensing requirements. Those are readily made available to folks who would be interested in that. But the predominant document to start with would be the Day Nurseries Act.

Mrs. Munro: I appreciate that, because I did have a question from a constituent earlier in the year with regard to any kind of sharing of information. I assume that her request came on the basis of decision-making, so that was why I thought, "What answer is there to give her?" It

would seem to me, when you mention things like the manual, that obviously that would be something that somebody could have a look at.

Ms. Livingstone: Absolutely, yes. The other avenue is that they could always call any regional office and ask to speak to a licensing adviser, who would happily walk them through the process to access a licence and the steps that are involved.

Mrs. Munro: I think it's important, obviously, for parents to have that kind of surety.

Another issue that has already been raised but that I'd like to come back to is the question of waiting lists. It seems to me that this is a tricky one in terms of, how do they get created when you've got the community manager process? Would they have a list? Are they the keepers of the list? Who actually would be the keepers of a waiting list?

Ms. Wright: This actually gets back to Mr. Milloy's point. There are two types of waits: One is for a space and one is for a subsidy, just to add to the complexity. That's one thing about child care funding: It can't get more complex, I'm sure.

In terms of the wait-lists, it is the municipality's responsibility to manage those lists in order to be able to reflect their local needs and their local priorities in terms of wait times for subsidies. There are, as the auditor pointed out, certain variations. Toronto, for example, I believe has a first-come, first-served process of determining wait times, whereas other municipalities such as York will use an additional set of criteria to determine where a family, a parent, is on a wait-list.

We believe this issue will be—"addressed" is too strong a word. But it is important that we actually move forward to move from a needs test to an income test before we look in more depth at the question of a consistent wait-list, because it's impossible, given the variation—I see Mr. McCarter's disagreeing with me. I'll make my argument to him. There is enough variation in needs testing now across municipalities that if we can standardize the income test, that will be a really significant first step to looking at how we can look at wait times differently.

So we will be moving forward, as we know, on the income test, and that will be a significant step, but at this point wait times are basically a municipal management strategy.

Mrs. Munro: Would it be possible, then, for an individual—and I'm not necessarily talking about a subsidized space—to be on more than one list?

Ms. Wright: Yes. This is actually a similar conversation to the one we had on mental health the last time I was here. We don't have at this point a unique identifier, so that has some of the same challenges.

Mrs. Munro: Would that be an appropriate responsibility, then, for the local management at the regional level?

Ms. Wright: Right.

Mrs. Munro: I guess for anyone looking at this issue, the question of wait time is obviously critical, so it's

really important that we understand that without this kind of centralization, there is some confusion in the system if there's an opportunity, then, for two or three groups to be all putting the same person in as part of their wait-list.

Ms. Wright: Right, and without the standardization of something that you would have with a province-wide income test, it becomes even more difficult to have a standard wait-list. I think this is a really important issue because not only is it an indication of the need, as we talked about earlier, but it's obviously extremely important for parents. Municipalities are required to communicate to parents the criteria and standards for wait-lists so that it's as transparent as we can make it.

Mrs. Munro: I'm sorry to again come back to other questions, but when do you anticipate that this standardized income testing will be done?

Ms. Wright: We're looking at going forward in the next couple of months to the government for a decision.

Mrs. Munro: A question that again goes into this whole issue of spaces: Do Early Years centres provide any role in regard to making information available to people on spaces?

Ms. Wright: I'll ask Lynne to respond to that.

Ms. Livingstone: One of the roles of the Ontario Early Years centres is to provide a variety of information on children's services in their community, particularly for zero to six. That includes where they might access information about child care spaces that are available and how they might get a child care subsidy. I know a number of them work with their municipalities to create some sort of registry, if you will, on child care centres. So they do play a role, and they play an important one because they're often a place that, if parents don't go anywhere else, they go to the OEYC to participate in the programs there and they can learn about the other services that are in their community.

Mrs. Munro: Would it be your suggestion that there be that kind of automatic updating so they would then be current in terms of the range of opportunities within their own community?

Ms. Livingstone: I think that each OEYC works with their community to do that and provide the information that makes sense for that community and is most relevant. Not all of them provide the kind of registry function that I talked about, but many of them provide basic information on where they can find child care.

Mrs. Munro: A question was raised earlier around the issue of the federal funding and the fact that there's a wage subsidy element to it, as well as a capital element. On the issue of the capital side, who is eligible to receive money for capital?

Ms. Livingstone: Only not-for-profit operators would be eligible to receive the major capital. That's the ministry's policy position for the 2005-06 allocations.

Mrs. Munro: Does that mean that it would only be available to existing organizations?

Ms. Livingstone: No, it could be available to a new non-profit operator to build. The capital could be

available to a new non-profit operator as well as an existing non-profit operator.

Mrs. Munro: In the last few years, have you seen expansion—and I don't mean expansion of existing—in terms of numbers of providers? You can choose how far back you want to go. I just want a sense of if there is much change in terms of the numbers of providers or not, in whatever length of time you want to use.

Ms. Wright: I don't have that information with me. I don't know that we actually track the number of providers. As you know, we fund the municipalities, who in turn work with the providers, so I would have to find out if we even have the actual specific number. I can get back to you on that. Because our relationship is primarily with municipalities, who in turn fund the providers, they would be the main source of that information.

Mrs. Munro: I think it might be useful for us to-

Ms. Wright: To see how many providers have ex-

panded-

Mrs. Munro: Sort of the stability within the sector, whether there are new players entering into the sector or you're looking primarily at the expansion of existing. 1100

Ms. Livingstone: I think it would be fair to say that over the last number of years, up until very recently, there's been very little growth in the system, so the number of new providers would be quite limited. However, with the expansion, we know that some of our wellestablished providers are looking to expand existing centres or create new centres, and there may be a need to bring on new providers. There are a number of supports for new providers who are coming into it. I would expect we would see some new providers come on with the 14,000 new spaces.

Mrs. Munro: And that, of course, leads into the other part of that, which is the wage subsidy issue and whether or not you see that as an opportunity that is consistent with the capital in terms of new providers.

Ms. Livingstone: Absolutely it is. When we were doing our allocations and planning, we built in wage subsidy against the expansion, accounting for new staff that would need to be brought on to support the new spaces.

Mrs. Munro: Going back to subsidized spaces, I think you were asked what the figure is today. I wrote down 119,000. Is that correct?

Ms. Wright: Subsidized families.

Mrs. Munro: So that could then mean more spaces.

Ms. Livingstone: That's the current number of families receiving a subsidy in the system, so we have 119,000. There are approximately 214,000 licensed spaces in the system. That's prior to the expansion that we're talking about, prior to the new 14,000.

Mrs. Munro: Obviously now we're talking about children from zero to 12.

Ms. Livingstone: Yes, zero to 12. I just want to clarify one point. When we talk about 220,000 licensed capacity, it's because we're adding in the enrolment in our private home daycares. We actually don't count spaces in the private home daycares; we count enrolment. So they're included in our total 220,000 licensed capacity. So it's about 214,000 in actual spaces plus the additional in the enrolment in the private home daycares.

Mrs. Munro: Thank you, because I immediately remembered the 220,000 and I thought, "Wait a minute. What happened?"

Ms. Wright: We could see Mr. Sterling doing the

same thing.

The Chair: And you told me 105,000 for zero to six. Ms. Livingstone: I'd like to clarify that. I just did the math and it's about 126,000.

The Chair: So 126,000 are zero to six.

Ms. Livingstone: Licensed spaces, zero to six.

Mrs. Munro: Oh, 126,000? Ms. Livingstone: For zero to six.

The Chair: And how many of those are subsidized? Ms. Livingstone: Sorry, I don't have the subsidies by age group. Bear with me.

The Chair: Can you provide that, or is it possible?

Ms. Wright: Why don't we commit to giving you a chart that breaks down the spaces by age and by subsidy as best we can?

The Chair: Okay.

Ms. Wright: This does speak to some of the Auditor General's recommendations we have on our own data management capacity. But we will do that. We don't want to waste the committee's time trying to figure out mathematics here, so I will commit to get that to you. My apologies.

The Chair: Sure, that's fine.

Mrs. Munro: I think that would clarify all the numbers that are flying around.

In your presentation, you made reference to the fact that the provincial-municipal partnership is unique in Canada, and I wondered if you would comment on the rationale. The first one that comes to my mind is population, so I just wondered if there were other factors that led to this kind of a creation when you make reference to it being unique.

Ms. Wright: I'll speak a little bit, then Lynne can add. I think part of it is the population and part of it is just the number of municipalities that exist in Ontario and in other places. Quebec, which has a very robust early learning and child care system, has taken a very different model, as they do on most things, to the one that we

I think it is based partially on population and I think it's also based on the principle that child care is a community responsibility, if I can put it that way, as a much as a social responsibility and that the community is best positioned to be able to know what that system should best look like within the framework that we set at the provincial level.

Ms. Livingstone: Additionally, in Ontario, municipalities have had a long-standing history of being involved in the delivery of child care locally, and I think the move to standardize or enhance that role as consolidated municipal service managers really builds on that long-standing history. It does create, I think, quite a strong partnership between the province and the municipalities in delivering good services locally.

Mrs. Munro: The Auditor General pointed out, of course, that some of the compliance issues reflect the lack of expertise that might exist within those areas. So I guess, while there is that historic and demographic reason for it, there is clearly an indication here that there's also a need to augment from a compliance point of view the expertise that resides there. I just wondered if you'd comment on the auditor's comment on that particular issue.

Ms. Wright: One of the developments that has happened over the last couple of years that's really significant has been a much closer working relationship on our part with the CMSMs, but in particular we have put together community-based networks at whose municipal table we and other community partners sit in order to be able to do comprehensive planning. I would say I can only praise the municipalities for the extent to which they have stepped up over the last year and really committed to establishing and opening new spaces. I think they've done a terrific job.

The Chair: I'm going to turn it back to Andrea, because she still had some time left on her turnaround. But before I do that, is it the intention of the ministry to say to the agencies, "You must have a selection this way or that way"? In other words, I'm a little concerned in that—for instance, first come, first served is the way that Toronto does it—perhaps the most needy, who only found out about the service or just arrived here in Canada or whatever it is, can't jump the queue. So I think the auditor was expressing in his report a concern that perhaps the most in need were not necessarily getting the subsidized spaces or the spaces.

Ms. Wright: It's an excellent question. As we go forward on the income test, it is our intention to provide policy guidelines that will clarify the situation. It is our intention, in moving to an income test, to be able to address as many of the equity concerns as possible that the Auditor General has raised.

The Chair: But also, I would really hope that the ministry would be forceful in saying to municipalities, because the province is paying the bulk of the freight here, "You must give the person most in need first crack at it."

Andrea, you've got about 12 minutes and then we're going back over to the Liberals.

Ms. Horwath: You had indicated earlier in a response to another questioner that the minister had sent out letters to all the municipalities indicating what's expected to go on from here. I wouldn't mind a copy of that, actually, if I could. But my question was more around the demonstration projects and where they sit now and whether they go forward and how they are changing. Can you give me a little bit of information about that?

Ms. Wright: I'll ask Lynne to speak to that since she's been working very closely with them.

Ms. Livingstone: As I'm sure you're well aware, we really look to the demonstration communities to show how the vision of Best Start can look and feel in each

community. We're working with three very different communities to try to understand what it would look like in a northern community, in a rural community, in an urban community that faces significant challenges.

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The value of the demonstration communities is not only for us to understand that but also to share best practices across the province as we continue to move forward with Best Start. A number of their plans indicate that the vision can work, but it does look different. So they're continuing to be an important part of the Best Start plan for the province. They're in the 14,000 spaces that we're looking to secure and sustain. Across the three of them, they're looking to bring on about 22 early learning and care hubs in the coming year, by September. So we're continuing to work with those three communities. They're looking to demonstrate, not just the expansion component, but how services can work together to better meet the needs of families and have more positive outcomes for children. We're also looking to continue to evaluate them in order to understand how we implement this kind of thing across the province: What's the process, what's the impact? So that will also continue.

Ms. Horwath: So then, in terms of the supports that go into the provision of spaces that we talked about earlier—you know, the subsidies and all of that—and in the demonstration project areas the extra funding that's required to continue on with the fulsome implementation of the models, what would that proportion be? How much of the budget, if you will, for those demonstration projects is on administration and learning and all of that piece, as opposed to implementation of actual spaces?

Ms. Livingstone: There's a portion of their allocation that was directed towards supporting integration and coordination, and our intention is to continue to provide that because it's a key aspect, or what they're telling us is a key aspect, of being able to deliver the hubs effectively. So we're looking to try to sustain that as we move forward this year.

Ms. Horwath: I wanted to ask a couple of questions about the information that's provided on page 7 of your remarks earlier today around data management. A number of questions have come up around wait-lists; the number of people looking for subsidies; providers; numbers of providers; types of providers. About midway down the page you talk about the Ontario child care management system linking the CMSMs to the ministry to get a better handle on the system and the data that it provides. Will all of those issues that have been raised by committee members today be captured in that new system? What do you see being provided in terms of information through the implementation of that process?

Ms. Wright: I just want to reinforce that these recommendations from the auditor are really important, and we're working as hard as we can on making sure we have appropriate data in this system and in other systems. I'll ask Alex to speak directly to that particular infor-

mation system since it falls in his area. Thank you for the question.

Mr. Bezzina:: We're speaking specifically here about the Ontario child care management system, and I will refer to it by its acronym, OCCMS, as I continue on. It is a provincial-municipal initiative, and in the initial phases of OCCMS it was primarily used by the municipalities to capture information like wage subsidies as well as specialneeds resourcing and a number of other data elements that our own data systems are not currently capturing. These are very, very specific data elements.

It is the municipality of York that manages this for us, and currently it's on a client basis. So it's desktop, they're using it municipality by municipality, and York provides some administrative supports etc. We are enhancing that now and we're going to a web-based approach to this so that the information can be shared across municipalities and the ministry can also have access to that more detailed information. So that's a project that's currently under way. I believe we expect to see that work finishing up by June and then that'll allow us within this next fiscal year to begin to determine how those data elements and our own data elements can work together to provide us with better information about what's going on at the local level.

Ms. Horwath: Okay, but do you anticipate, then, specifically, that you'll have more information as a result about wait-lists, providers, subsidy wait-lists and those kinds of pieces?

Mr. Bezzina: Yes.

Ms. Horwath: My last question is more around the issue of where we go from here. You indicated in your closing comments, more or less, that the 14,000 spaces that we are anticipating to ramp up this coming September, and then the support of those into the future, is pretty much where we sit right now. Over and above the 14,000 spaces that are targeted to be brought online, do we expect any more to be brought online the next fiscal year, the year after that or the year after that at this point in time? Or are we simply looking at the 14,000, as well as some of those expert panel recommendations and other pieces being fulfilled? But in terms of actual spaces, is that what we're pretty much targeting, simply the 14,000?

Ms. Wright: As I've indicated in my remarks, that is our priority, to secure and sustain those spaces. You can tell from the conversation here that child care funding is fairly complex. We do need to have a conversation, and Lynne has indicated that we are going to have it very soon, with the CMSMs, on the best way to do that. But that is absolutely the priority.

Ms. Horwath: In your experience over this last implementation of the 14,000 spaces through Best Start, isolating off the other pieces to Best Start that are around the expert panels and the college, which I'm going to ask you about too—

Ms. Wright: The quality part.

Ms. Horwath: And the quality and all of those, which are extremely important. What have you found to be a

ballpark of what the cost is to construct and support, per unit of child care space?

Ms. Livingstone: It's a really good question. I think one of the things that's been remarkable about the 14,000 is that it's over half of what we had expected to achieve over the original three-year target, which, from our perspective, really exceeded our initial expectations. Very directly to your question, I think what it reflects is a variety of approaches to building new child care spaces. Some of them are really minor renovations: a centre that already existed, where just by fixing a room, you could bring on X number more spaces. That cost would be very much less than needing to create a whole entire centre.

I can tell you that in our review of both the 2005-06 plans and the 2006-07 plans, the cost to build a new child care space varies significantly across the province. We had allocated capital funding based on our average cost of what we thought it might be, but we're really seeing that they've been able to exceed that, and I think it's because they've done it with minor operating dollars and by just making those minor revisions. So it's quite a variable cost across the province.

Ms. Horwath: So give me a range. Would it be \$5,000 for new construction and \$1,000 for existing? I understand completely what you're saying, that there's no fast and clear number, but is there a range that you could peg for the implementation of a new child care space?

Ms. Livingstone: I'd have to go back and get that information for you to accurately give you a range of what we're seeing across the province. I can tell you that our estimate was about \$15,000 a space.

Ms. Horwath: So that would be an average, assuming all in and then dividing by the number—

Ms. Livingstone: That was our average and that was, I want to be really clear, major capital and new space, not minor renovation.

Ms. Horwath: Okay, so that's for the capital. In the minor renovation, you would expect it to be smaller, but then we acknowledge that the system is nowhere near meeting needs, so there would be a significant capital investment if we actually wanted to meet the need that's out there. So it's more realistic to actually look at the number of \$15,000 than the small renovation, really, if we wanted to expand the system to the point where it was completely meeting needs in terms of providing care for children.

Ms. Livingstone: Just to give you an example, the city of Toronto's plan had a range for their major capital from \$10,000 to \$20,000 per space, depending on the kind of space and where it was located.

Ms. Horwath: That's the capital. What's the ongoing annualized cost of supporting a space that exists, per unit?

Ms. Livingstone: It really depends on the kind of space. If it's an infant space, it's going to be quite significant, in the area of \$12,000. If it's a JK-SK space, you're looking at \$7,000 to \$8,000 a year to support that kind of space.

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Ms. Horwath: There's a chart we received—I'm not sure which document it is now—that breaks down the per diem for the different ages. It's actually in the auditor's report, I think.

Interjection.

Ms. Horwath: It's page 95 of the auditor's report. If you're looking at that, you're saying that for an infant, it's \$12,000; a toddler, \$7,000 to \$8,000. Preschool—what would that be?

Ms. Livingstone: Infants are \$11,000 to \$12,000, toddlers are more in the range of \$10,000, and then our understanding of four- and five-year-olds or the preschool piece is kind of \$7,000 to \$8,000. That's what child care centres will indicate on their websites as the cost of a year in that kind of care.

Ms. Horwath: Okay, and then school age is—

Ms. Livingstone: It would be even less.

Ms. Horwath: Yes, because it's the after-school—

Ms. Livingstone: Because the staff that are required to support those age groups are—

Ms. Horwath: The ratios.

Ms. Livingstone: The ratios become lower.

Ms. Horwath: Absolutely. Okay.

The Chair: I'm going to go now to Mr. Patten. I think we probably can wrap this up by noontime. So there are approximately 10 minutes for each party left.

Mr. Richard Patten (Ottawa Centre): I have about 14 disjointed questions to ask you. I was just passed a note from one of my colleagues in one of the other parties, saying that they heard our government is giving 13,000 spaces to the GTA, 1,000 to the rest of the province and 20 to Ottawa. Is that true?

Interjection.

Mr. Patten: First of all, I want to make a comment on waiting lists. I know in terms of mental health, in terms of child care, in terms of housing and in terms of health, everyone is looking at waiting lists. I wish I had a contract that I could offer, a software piece that was flexible enough to handle this, number one. The same problem happens in health care. You have individual doctors who have a list of people waiting to get their knee operations. That's their livelihood, because they get paid on a procedural basis, so they're not too anxious to give that up. Then on a regional basis, you don't know how many you have; you have to call around to each doctor. There's a program afoot to rectify that.

Is there a coordinating mechanism of whoever is a little further down the road in terms of developing their approach, their computer program, for managing a particular waiting list that may be transferable to someone else with some minor possible modifications? In other words, are we working interministerially on this issue? I've only identified four. There are probably other areas, and the auditor's office may have some comment on that when you look at the whole system of government. We go at these things piece by piece by piece, and I tell you that as a member of this committee, it's very frustrating—not for everybody, perhaps, but I find it

frustrating to hear the same thing repeated all the time. Do you have any comments on that?

Ms. Wright: I think that the question of wait-lists, particularly in child care, with the possible exception of Quebec, has been bedevilling a fair number of jurisdictions. In order for us to deal with wait-lists anywhere, it is the same issue—and this is the issue that Mrs. Munro raised—about how do you ensure that you don't have multiple children on multiple lists, and if they are on multiple lists, maybe it's appropriate. So how do you determine whether it's an appropriate process or not?

As I said, in child care, the municipalities are responsible for managing these wait-lists and wait times, and I think that, to varying degrees, they would submit to you that they do a pretty good job. That doesn't answer the auditor's recommendation that he would like us to have a more centralized process for determining what an appropriate wait-list is and for wait-list management. I'll just reiterate that I think we need to standardize a few things, such as the needs test moving to an income test, before we can actually look at that with any vigour. Finally, on the conversation I think we had before, which was the need to have some way of having a unique identifier, this is probably a systems issue for us, not unique to child care at all.

Mr. Patten: Okay. So what does that mean? Are there other ministries working on waiting list protocols or programs, and do you have access to their learnings or their findings? Is there anybody coordinating these efforts? It seems to me the goal is the same for about five ministries, at least.

Ms. Wright: There are two things. I think we spoke about this before. We have been speaking to health and we are picking from the learnings of health, but the health care system is, as you yourself mentioned, a fairly different one from the social services system. Within the ministry, we're aware that we have to address the common problem of wait-list management for all services for children, and we've been doing some initial policy work on that.

I think there are a number of lessons that we can learn from other areas that have been looked at, and we are having those conversations. We also talked to municipalities about this, which are the ones that have a certain expertise on it.

Mr. Patten: Okay. I don't know if you had a comment on that.

Mr. Jim McCarter: Our comment was on the waitlists. I mentioned it was a different deputy in the seat, but we were very happy with the responses to the recommendations. It was one area where maybe we disagreed a little bit in the sense that you're doing some good work getting some demographic information and taking that into consideration, which is an improvement from the past, but we indicated we also felt the wait-list information was a variable that should be considered. We found that some of the CMSMs would have the wait-list information; some of them actually did not have the wait-list information, but most of the agencies—the providers—

had quite good information. So we merely threw it out as saying we felt it was information that you should have, and I'm glad to hear that you're linking up with the information systems because they have some very good information at the local level. If you're getting that information, that's going to be great.

Ms. Wright: Thank you.

Mr. Patten: I may direct a question later on to the auditor's office on this issue.

My impression is that, when you talk about moving to an income-based assessment, the prevailing hope is that this will, in and of itself, reduce the waiting lists. Is that—

Ms. Wright: I didn't say "reduce" the waiting lists. I said it would lead to greater standardization so we could address some of the equity issues that the auditor had raised. The answer to reducing waiting lists is obviously to expand the system.

Mr. Patten: Yes, and presumably this work is ongoing now, and presumably in the patterns of others like OSAP and that sort of thing, an appreciation of increasing the income levels in terms of eligibility for families would be part of the final outcome here.

Two quick questions. In my community I have a school that's had about a 90% group of students—an elementary school that has had a child care centre for a good 10 years. The relationship has been excellent. It has been very supportive of parents in the other part of the JK day where they're in child care and move back and forth. It's worked very well. The school is very highly regarded. The principle of people being able to select and require or demand that they would like to move from one school to another has put pressure on the school so it now has a higher number of regular students and is essentially pushing out the child care. It seems to me we've got a little conflict here. I don't know if you've heard about this.

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My understanding is, the board is the final arbiter in this. But as a government, we have said that we want to encourage, certainly, that every brand new school has to have child care space and anyone who has space now should utilize that space for child care. And here we have a circumstance where, "Okay, what is the supreme value?" I have a personal opinion on that, but does your ministry have a preferred position policy-wise related to pushing out the child care operation in light of filling up the rest of the school with other students, or do you say, "No, I'm sorry, that constitutes a full school, because we now consider the child care component to be a very important part of an elementary school"?

Ms. Wright: I'll ask Lynne to speak in more detail about the relationship of Best Start and our relationship with the schools and the school boards, but we are perfectly aware that both of these are priorities of the government and are committed to ensure that they work together. We have an ongoing relationship and conversation with Education, which in turn has it with the

school boards, to make sure that these sorts of situations get resolved.

I'm sorry, sir, I'm not familiar with the specifics of the one you're raising, but we are attempting to deal with them on a case-by-case basis. But I think it's useful for Lynne to provide you with an overview of how it's working, if that's okay with you.

Ms. Livingstone: We, too, are concerned about that kind of situation and, as the deputy has indicated, we're in ongoing discussions with the Ministry of Education about how to resolve those types of situations where there is concern about trying to address increased enrolment but also maintain the child care centre in the school.

One of the steps that we're taking in particular in this round with the expansion of the child care system in the schools is to have a specific security of tenure clause in the lease agreements with the school boards so that there is more stability to having child care centres in schools' than perhaps we've had in the past. But it is, as the deputy has indicated, in some instances coming down to a case-by-case discussion to try and find some resolution to maintaining both that service and meeting other priorities of the school board.

Mr. Patten: I have other questions, but I'll share my time with my colleague Mr. Milloy.

The Acting Chair (Mrs. Julia Munro): Mr. Milloy?

Mr. Milloy: Sorry, I'm going to go back to some of my earlier—I want to ask about wage subsidies and I want to try to understand how they work and then understand—I mean, obviously following up on the AG's report.

Licensed child care spots, both for-profit and not-for-profit: The charges within a particular community might be different; is that correct? I take it that if my local school has a child care spot available, their rate might be different than the local school across town.

Ms. Livingstone: Yes, that's correct. Depending on what we're talking about, whether it's a subsidy or a full fee, the local operators will set their per diems. The municipalities sometimes set some policies around what that per diem might look like, which the operators will pay attention to because they're engaged in a purchase of service contract for the delivery of it, but it can look different within a community and it certainly looks different across communities.

Mr. Milloy: And that's the same for the not-for-profit sector. In other words, school A could have a different—okay.

So I guess my question is in terms of the wage subsidies. I'm just looking at it from economics 101. The wage subsidies would then presumably allow them to charge lower rates or, if they're charging the same rate—and I realize we're talking profit, non-profit and all that, but if we put that aside for a second and just think of it as a system, does that then not give them an advantage over another provider? I guess I'm just wondering, if you have one provider that is getting wage subsidies and one provider is not, there's sort of an inherent unfairness there. I'm also wondering, then, what use is it to the parent? Is

that being reflected in what the parent's paying? Putting aside the subsidies, do you see what I'm getting at? I'm just looking at it sort of as an economics 101 business case and wondering how it works.

Ms. Livingstone: One of the things that we've heard for many years from municipalities and from operators is that there's not enough wage subsidy in the system and what's there is not distributed in a way that you were talking about—equity. Part of what we were trying to do was put more wage subsidy in the system and have it distributed—and that's at the discretion of the municipalities—to try and bring some stability. It does do what you're talking about. It's meant to try and support, and in some instances enhance, the salaries of staff, but the benefit is that it makes the cost of child care more affordable to the parent that's participating. So there are those variables in the system. Part of what we were trying to do with the infusion of funds was to bring more stability across.

Mr. Milloy: But if I'm shopping for child care and provider A has a wage subsidy and provider B doesn't have a wage subsidy, is provider A more likely to have a lower cost or is provider A—I'll use the vernacular—putting the difference in their pocket, in a sense, if they're charging the same per diem rate?

Ms. Livingstone: That is a complicated question. It depends a little bit on who might be operating it. But just in basic theory, yes, you could say that the one that has a wage subsidy would be in a position to offer a lower per diem than one that didn't.

Mr. Milloy: But with the demand being so high, they're just going to be keeping the—I mean, there would be no incentive to do that. You would just keep the level where it was.

Are the new wage subsidy dollars available to forprofit providers?

Ms. Livingstone: The operating dollars are available to both non-profit and for-profit.

Mr. Milloy: Again, I don't meant to be difficult, but I don't understand their utility, then, especially if they're going to for-profit. It's just supply and demand. Correct me if I'm wrong, but I don't see a for-profit or even a not-for-profit saying, "We're getting a wage subsidy. We're going to offer 60% of what the basic value is." I take it that if you went to a community like mine, you'd find it's roughly about X number of dollars for an infant or X number of dollars for a toddler across the city; it may vary a bit. So if you're giving a wage subsidy, if there is this demand, I don't really see an incentive to lower the rate. I understand the system is trying to do good things, but I'm just trying to figure out who it's benefiting.

Ms. Livingstone: I guess there's a twofold benefit of wage subsidy, from my perspective. One would be that we know very well that child care workers are not particularly well paid, so some of this is to try and enhance their salaries and benefits. The added benefit of that is that it can make it more affordable for parents.

Mr. Milloy: But what percentage of child care workers would receive the benefit? Or is that an impossible question?

Ms. Livingstone: I don't know the answer to that question; I'm sorry.

Mr. Milloy: Just in your answer to the Auditor General's report, what's the new system going to look like in terms of the wage subsidy?

Ms. Livingstone: I guess there's a couple of things about that. We've just issued revised wage subsidy guidelines to try and address a number of the concerns that the auditor has raised around how they're reported and how we reconcile variances and how they're calculated, because there are some issues with variability across that. So we've done that. But the fundamental intention of the wage subsidy is still there; it remains the same. It's meant to try and support the salaries.

There are three kinds of wage subsidies, and within that there are further differences. It's meant to achieve a number of objectives: the salary piece, the affordability piece, assist with some pay equity obligations—those kinds of things. So those are still in place. The addition, with this new funding, was intended to be able to have more wage subsidy in the system to support a broader range of workers and also to support the number of workers that we expect to be in the system against the expansion. We're anticipating the number in the expansion. I'm sorry, but I don't know off the top of my head the number of workers. In addition to that, we were also planning to take steps to improve the wages of ECEs working in the system. So there's wage subsidy and wage improvement as well.

Ms. Wright: If I can just add, the wage subsidy policy, just to reinforce what Lynne has said, is a twofold one: One is to try and enhance what I think is generally agreed to be very low wages in the sector to make it more affordable, but it is both objectives. I think it's important to kind of step back a little bit and recognize that part of the complexity of it is that it's a tool that's been used repeatedly to try to meet those objectives over many, many years and it's a little bit piled one on top of the other. So when Lynne says there are three kinds and then, in addition to that, there are other ones, it's a highly complex policy area that has been added to year over year. I think we will see, when the expert panel on quality and human resources comes in, that they will probably be looking at ways that we can begin to simplify, if I can use that word, the wage subsidy area so that it isn't as complicated and it's clearer what its overall objectives are. But at this point, it does have a long history of having had one initiative after another, which is the complexity of answering some of your questions.

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Mr. Milloy: But is the goal of the new money—you said it's to support the additional spots—that roughly, across the board, 100% of the new spots will have some sort of wage subsidy? Is that the goal?

Ms. Livingstone: Yes, we've assumed a level of support for each of those spots for wage subsidy, fee subsidy, special-needs resourcing, administration. In our costing and allocation of operating dollars, we've assumed that.

Mr. Milloy: I'm just trying to get a sense of—and then I'll pass it over to the opposition—are there that many workers outside of the wage subsidy world out there? Is there a significant number? This is the basis of my confusion. If I went to my community, would I find that most, 96% or something, or would I find that half of them are struggling?

Ms. Livingstone: I don't know the exact answer to your question in terms of how many workers in our system receive wage subsidy and how many don't. I can attempt to get that for you, but I don't know it off the top

of my head.

Ms. Wright: I think it's a fair guess, given the length of time that we've been involved in doing wage subsidies, that there would be a fair number of salaries that would be included in the wage subsidy. It isn't as if the worker gets a paycheque that says, "Here's your base salary plus your wage subsidy." It isn't as straightforward as that. It gets puts into an overall salary allocation on the part of municipalities.

Mrs. Munro: If I could just follow up, because I agree with Mr. Milloy that it seems very complex to get a handle on this. I think he just asked you whether or not you would be able to give us a sense of how many people were involved in the wage subsidy system, which I think might be helpful, just to have a sense of, frankly, the

complexities of the program.

Also, I think it speaks to the broader policy in terms of going forward. When you're talking about also moving into the area of a College of Early Childhood Educators and revisiting the system of qualifications and standards and things like that, it would seem to me that there's some relationship there that we need to understand.

Could you also give us—maybe you would do this verbally. Someone mentioned earlier the fact that there would be unionized and non-unionized. Do you have any sense of the kind of percentages that we're talking about?

Ms. Livingstone: Approximately 11% of the sector is unionized.

Mrs. Munro: I think that would be helpful in the context of the whole wage subsidy issue and all that kind of thing.

I want to take the remaining few minutes that I have to look at and talk about the expert panels. There is reference in the material of the Auditor General that these were set up a year ago and that they have a two-year life time or, I guess, over the second year there would be some. I'm very interested in this because I think that regardless of changes in structure, clearly, the whole issue around child care is something that people are very interested in. May we expect to see some preliminary reporting from any or all of these expert panels?

Ms. Wright: I think, at this point, they will not be doing a preliminary report for us. We've been working

quite closely with both of the committees. One is on the early learning framework, and one is on human resources and quality. I think that we will probably just be receiving, at this point, a report from them in the fall. Because we are talking to them regularly, we're conscious of the kinds of debates that they are having.

The panels themselves are—perhaps Lynne could add some detail—a very excellent cross-representation of individuals who are involved in child care and who care about child care, from school boards, from the communities, from academics, from researchers, and I think that the expertise they're going to bring, both on the learning framework component, which is really exciting, and on the human resources and quality part, will be extremely useful for formulating policies as we go forward.

I'll ask Lynne to talk a little bit more about the actual working groups.

Ms. Livingstone: As the deputy has indicated, the panels are, in some ways, a unique bringing together of experts. One of the things about Best Start that's different perhaps from what we've done in the past is that we've really brought in the education sector in order to focus on that integration between early childhood development and early learning and education. So on both of these panels there's significant representation from the education sector, particularly on the early learning framework panel, because they're looking at developing that advice around what the curriculum should be for early learning that links to the JK-SK learning program so that it feels like a seamless continuum for children.

On the quality and human resources panel, there are a variety of people with expertise in child care, in education, but also from a human resources development perspective. The early learning framework group is very focused; they have that single product. The human resources panel is looking at a plethora of issues that impact on the quality of the interaction between the adult and the child in an integrated early learning and care setting. So the kinds of issues that they're looking at cover the range from, what are the qualifications of those individuals working with the children? How do we recruit them and retain them? That's a major, major issue in the child care system in Ontario. How do people progress, from a career perspective? What training do they require? So that will be very important advice for the sector as a whole.

I think, also, just to combine that with the work on the colleges of ECE, which will be looking at putting in place standards for the profession, that combination of advice and direction will really move Ontario forward in terms of its quality agenda for child care.

Mrs. Munro: I notice in the materials we have that there's reference made to the Internet site. Would that be where we would see the information in terms of the makeup of the expert panels?

Ms. Livingstone: I believe that the membership is on our website, but we can certainly provide the membership to the committee.

Mrs. Munro: I think, again, that that would be helpful for us.

Ms. Wright: We can provide the membership and the terms of reference, which I think are on the Internet, but I'm not quite sure.

Mrs. Munro: I think that's it.

Ms. Horwath: Just a follow-up to one of Mr. Milloy's questions about wage subsidies, particularly with the new program: To what extent is the wage subsidy or the wage component required by the ministry to be spent on wages as it flows through the CMSM and then to the provider? Is it completely required to be spent on wages? It's completely tied?

Ms. Livingstone: Yes. Where we start with the municipalities is, they do a service plan around their targets, for example, for wage subsidy. We then negotiate our service contract with them on those targets, so they're funded along a wage subsidy line.

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Then we have a very detailed set of guidelines around what wage subsidy is for, how it should be allocated, how it's monitored, the data elements they're expected to report on and the reporting requirements. So our guidelines are explicit in that area, and we reconcile against their targets. That's the intended process.

Ms. Horwath: So then at the current point in time, what is the salary range or the hourly rate that we see in the system currently?

Ms. Livingstone: I can only give you an average because as I'm sure you're aware, it varies significantly across the province, but the average wage of an EC worker is about \$23,000.

Ms. Horwath: Where are your experts at this point expecting that to go in order to provide a system that maintains consistency of staff, that develops a profession that has an interest so you can actually have a successful college, so that there are professionals that actually want to go into that field and want to then be part of a college that monitors and maintains standards in that field? Where would you expect that wage to go?

Ms. Livingstone: We haven't seen what their exact recommendation will be on that front. There is a specific working group looking at compensation, and so I expect they'll be explicit in a couple of areas: one, just around the principles that should guide the decision-making around that, and then I expect we will see some specific recommendations about the range or level.

Ms. Horwath: Where are we with pay equity in terms of previous attempts to look at the problems with low pay in that sector? There must be some targets that the pay equity process came up with that indicated where the

wages should be, as opposed to where they are, back in the 1990s.

Ms. Wright: I don't have any information in my head right now, though I would submit to you it's probably a little bit out of date, 10 or 15 years, right?

Ms. Horwath: Yes, I know it would be. Ms. Wright: For those who were here.

Ms. Horwath: It was the 1990s. I just remember what my wages were supposed to be back during that exercise.

My other question is just around the College of Early Childhood Educators. I noticed in your remarks that you didn't indicate a target for when that might be up and running, indicating that there's still work being done on that. Any ideas of when that might be expected to be implemented?

Ms. Wright: I would hesitate to give an exact date for implementation because I think we're going to have to look at transitioning into a full college. As you know, setting up colleges is highly ambitious and complex. We've done an initial round of consultations with ECE, our representatives, and we are beginning to formulate what the primary mandate of the college will be. There is a commitment to getting a college up and running in this mandate, or at least get part of it up and running, so we will be looking at doing that, but I don't want to say there's an exact implementation date because we're still very much in the process of figuring out the best way to phase it in.

Ms. Horwath: It would be, of course, informed by the work of the human resources committee, and that is expected in the fall.

Ms. Wright: Of this year.

Ms. Horwath: Thank you, Mr. Chairman. Those were my last questions.

The Chair: Okay. Just one point of clarification: Once you have established the income test and the policy guidelines with regard to priority, would you be kind enough to forward those to the committee at that time?

Ms. Wright: Oh, for sure, yes.

The Chair: Thank you.

We'll meet for a few minutes after the delegation leaves to give the researcher some direction with regard to writing the report.

Thank you very much for coming. **Ms. Wright:** Thank you very much.

Mr. Zimmer: Mr. Chair, when might that information about the complaints and so on be available?

Ms. Wright: I can't give you an exact date. I'll get back and ask staff about how much work it is to do it, but we will respond to all of the commitments we've made to the committee as soon as we can.

Mr. Zimmer: Thank you.

The committee continued in closed session at 1155.





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Standing committee on public accounts

2005 Annual Report, Auditor General: Ministry of the Environment Assemblée législative de l'Ontario

Deuxième session, 38^e législature

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 6 April 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 6 avril 2006

The committee met at 0938 in committee room 1, following a closed session.

2005 ANNUAL REPORT, **AUDITOR GENERAL**

MINISTRY OF THE ENVIRONMENT

Consideration of section 4.08, Environet.

The Chair (Mr. Norman W. Sterling): Welcome, Mr. Kivisto, to our committee. My name is Norm Sterling. I'm the Chairman of the committee. I would ask you, as our normal process is during these hearings, to go ahead with your statement, under which I understand you will introduce those people sitting with you at the table. During the question period, if you call other members of your delegation forward, I would ask you to introduce those people at that time. The floor is yours, sir.

Mr. Paavo Kivisto: Thank you, Mr. Chair, and thanks for the opportunity to give an update on the Ministry of the Environment's progress in addressing both the Auditor General's and this committee's findings and recommendations. We've been here a few times on this issue, and I hope you'll agree with us that we've made very significant progress in many areas. So my remarks will cover that. You've got a copy of the speaking notes, I believe, and I'll run through that. I may skip a little bit just to make sure that I don't consume too much time, to give you more of an opportunity to discuss things with

I'm joined this morning by senior management people from the ministry and others, and I'll just name them for you. They'll put their hand up, and if there are others, other than the three of us at the table, speaking, I'll make sure they introduce themselves before they make their

comments.

Jim Smith, who's on my right, is the chief drinking water inspector and the assistant deputy minister of the drinking water management division. Michael Williams, on my left, is the assistant deputy minister of operations division. John Lieou, who's sitting behind me on the left, is assistant deputy minister of the integrated environmental planning division, which is our policy division. Carl Griffith, who's behind me as well on the left, is the assistant deputy minister, environmental sciences and standards division. Allan Gunn is our assistant deputy minister of corporate services. Des McKee is the chief information officer for the land and resources cluster.

We also have other specialists on board, should we need to get into detail on some of the questions, and we'd be happy, certainly, to respond to any questions following the remarks.

I've been at the ministry now for months, and it's a busy place. I've been learning a lot of the ministry's functions and operations. I'm quite impressed with the calibre of staff. They're knowledgeable, they have a lot of expertise, they're very committed, and they're working hard.

I've also reviewed the Auditor General's and this committee's findings and recommendations and the work that has been done and the work that's under way to address them. I can tell you, the ministry has been working in a determined and diligent way to remove the asterisks on all the recommendations. I can also say with confidence that there's been great progress made, to the point the ministry is now using its information and technology to effectively support its program delivery. This is particularly true of the drinking water program.

A few remarks about Environet, and that's what we're here to speak about in terms of your findings and recommendations: Environet is not about just technology; it's not about boxes; it's a strategy. It aligns the ministry's programs and program delivery with an information management framework supported by information management technology. We're taking a ministry-wide approach to determining program priorities and working with the IT group to turn those into solutions to support the delivery. It's an information management framework that sets directions for program areas for managing their information assets. We have an information strategy that's flexible, scalable, reusable and able to meet the needs of our programs.

We continue to work on other developments in terms of applications for integrating more functionality into the Environet strategy. Each individual project that gets approved is funded on the basis that it will contribute to the development of that Environet infrastructure. Information technology solutions are designed and built to be flexible, reusable, and operate in conjunction with each other. This means less delay and cost as we develop the

system to support our priorities.

In terms of the summary of the original Auditor General's recommendations, I just want to run through that with you, because it set for me a context of where we were in 2003. As we talk about where we are now, I hope you'll appreciate, as I've learned to appreciate, that things are very different and that we're much more sophisticated in our approach to information.

With respect to the drinking water information system—folks in the ministry call it DWIS, and I always struggle with acronyms—it is the findings of the Auditor General that we need to make sure that drinking water is properly monitored and that appropriate inspections and follow-ups are conducted in a timely fashion.

Specific findings included that: the information system was unable to determine if all waterworks were submitting test results; not all laboratories were notifying the ministry of adverse water quality incidents; some database records were inaccurate; the information system was not always updated to reflect current standards and regulations; and the system couldn't produce reports for management monitoring.

On the hazardous waste information network, the Auditor General found that we needed to improve the monitoring of hazardous waste movement; promote the adoption of electronic manifests; develop analytical and and reporting tools; and improve follow-up actions.

On the subject of OnAir, the findings of this committee and the Auditor General were that we need to complete the inventory of facilities that should be reporting, verify that facilities are approved to emit the substances they report on, and periodically verify the data received.

The Auditor General and this committee also talked about our need to ensure that inspection coverage is risk-based, inspectors have access to and use compliance information, and inspection resources are allocated effectively.

I'd like to run through each of these areas for you briefly.

The drinking water information system represents the greatest progress of the ministry since the original report. We have taken a source-to-tap strategy for protecting the drinking water system, using integrated data acquisition and information management as a fundamental component of the safety net that's in place.

Other aspects of the safety net include a comprehensive regulatory framework, timely and reliable testing, and a comprehensive inspection program and stringent requirements for licensing, training and certification that benefit from the information systems.

I want to give some examples of the progress made, and I'll speak about data quality, effective response and management of adverse water quality incidents, effective inspection planning using a risk-based approach, assessing non-compliance, and public reporting. I think those are the essence of the thrust of the findings and recommendations of this committee.

At the end of 2005, there were more than 4,900 drinking water systems registered with the ministry. In the first nine months of the current year, ending December, more than 900,000 test results were reported to the ministry. There's a huge volume of information coming in. Over this period, the drinking water inspectors inspected 100% of municipal residential drinking water systems on about 130 different compliance requirements.

To ensure that accurate information guides our decisions and supports credible public reporting, the inspectors and program staff use two sophisticated and integrated information systems: the drinking water information system and the laboratory and waterworks inspection system. Both systems were designed to minimize human error in data input and to automatically crosscheck data against regulatory requirements.

Staff is now aided by the automatic calculation of information through measurement unit conversions. Dropdown menus are used. There's automatic verification that values are within an acceptable range, and there are online help menus.

We have detailed business processes in place for frontline staff to enable an end-to-end approach to managing this data and taking appropriate actions if there are gaps, inaccuracies or conflicts, and we review that data on a regular basis to ensure its quality.

On the matter of public safety, those two systems are critical and an integral part of making us able to effectively respond to and manage adverse water quality incidents that threaten public safety.

I want to walk you through an example of what happens if there's E. coli in a water sample submitted to one of the 58 licensed laboratories. The legislation requires the laboratory to provide immediate notification of an adverse water quality incident to the spills action centre. This is a seven-day, 24-hour-a-day operation that the Ministry of the Environment has. They also have to provide immediate notification to the owner/operator of the water system and to the local medical officer of health.

At the spills action centre, when that notice comes in, an officer records this information into the drinking water information system. An inspector is notified and a priority field response is initiated, along with verification that in fact the owner/operator is responding and taking corrective action in accordance with the regulations. We also check with the medical officer of health to make sure that they're responding to it.

The adverse water quality incident is recorded in DWIS and is automatically transferred to the laboratory and waterworks inspection system, where it's assigned to an inspector to carry out the field response. The inspector enters the findings of the field response and the required actions into the inspection system.

This process has one more important requirement to close the loop on the incident. The owner/operator is required by law to report the incident to the spills action centre seven days after receiving the report from the laboratory and verify that the incident has been resolved.

Upon receiving that notice, the spills action centre updates the report in the drinking water system, and the inspector assigned to the case is notified through the inspection system to ensure closure of the incident. Jim Smith, the chief drinking water inspector, can give you further details in subsequent questions you may have. It's a very sophisticated system. It's end-to-end, it flags non-

compliance, and we follow up to ensure that the water quality is safe in the province.

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On risk-based inspection planning, both those systems have substantially increased the effectiveness of our inspection program by enabling the ministry to give more attention to systems with serious compliance issues and in helping inspectors plan their inspections.

We have two levels of inspections we've introduced: full inspections and focused inspections.

Focused inspections began in 2005-06. The inspection system enables drinking water inspectors to identify systems that have a good compliance record. These systems are eligible for a streamlined inspection that focuses on key health-based regulatory requirements. The focused inspections reduce the time required to complete an inspection for both the inspector and the regulated community. This provides an incentive for system owners to strive for good performance.

At a system level, the inspection system permits a drinking water supervisor and a laboratory supervisor to plan, assign and track inspections. It enables drinking water or laboratory inspectors to prepare inspection-ready worksheets, record inspection results and produce client-ready inspection reports.

The inspection system also facilitates the tracking and reporting of adverse water quality incidents, orders, and systems that have deficiencies. The inspection system provides drinking water inspection staff with an ataglance historical overview of systems' compliance histories. This facilitates risk assessment and priority-setting during inspection planning. It's what was recommended by Justice O'Connor.

And finally, the inspection system can readily adapt to business changes such as program or regulatory changes that impact our inspections.

In terms of assessing non-compliance, since the auditor's report of 2003 and the recommendations of this committee, the drinking water management division has developed a comprehensive strategy to address issues of drinking water system non-compliance.

The ministry has a risk-based approach to assessing non-compliance. Both information systems are powerful tools in helping us to do that.

The drinking water system can generate a range of reports that are used by drinking water inspectors and program staff to assess the performance of drinking water systems, including areas of non-compliance.

Operating procedures require follow-up with system owners who have been identified, through either the system or other sources, as being potentially non-compliant for matters such as not registering with the ministry, failing to notify us of a laboratory service they have engaged, as well as failing to meet sampling requirements.

On public reporting, the chief drinking water inspector has a legislated responsibility to report on the overall performance of Ontario's drinking water systems and on the efficiency of the ministry's drinking water inspection program.

These information management systems offer both the data and the tools to provide the public with key information on water quality and on compliance for drinking water systems across the province.

The chief drinking water inspector's message in his May 2005 report, that "overall, Ontario's drinking water is safe and of very high quality," was based on an assessment of the information held in both those information systems.

In 2004-05, this was the first year that all inspection data were recorded in the inspection system. Reporting on province-wide compliance to the public is also now a possibility. For example, the ministry can identify the top compliance issues that need addressing by using a risk-based assessment of the inspection data. With the completion of the inspections for 2005-06, the ministry will be able to systematically analyze the nature of drinking water compliance issues from year to year.

The key compliance findings are being communicated to the regulated community by the drinking water inspectors and through conferences and seminars. It's also highlighted in the chief drinking water inspector's annual report.

We are working with the Walkerton Clean Water Centre, which has a mandate to deliver training to operators across the province and to bring these compliance issues to their attention through the mandatory courses they need to take for certificate renewal. This will also improve compliance.

I want to mention a couple of IT systems applications that we're working on now, just to show that work hasn't stopped. We're continuing to improve our use of information. One is the operator certification system. There are about 5,000 certified licensed drinking water operators in Ontario. This new operator certification information system, which will be launched this summer, will support certificate renewal and provide operators with the ability to register for exams and certificates and check on their accumulated training and learning hours for certificate renewal purposes. It will be integrated with the other drinking-water-related Environet applications to provide our inspectors with additional tools for assessing compliance.

We're also developing a drinking water portal to provide a single point of access to information of interest to the public, external stakeholders and ministry staff. This includes making information such as drinking water test results, regulatory requirements, compliance, and enforcement results and status available to those who have access.

I'd like to talk briefly about the hazardous waste information network. Although the system is not at the same level of maturity as the drinking water systems, it is moving in the right direction. This committee and the Auditor General noted that there was a low participation rate for electronic manifesting. Unfortunately, that continues to be the case now. We have not made progress on

that. There hasn't been any significant movement on uptake, and it's a problem that we need to continue to work at.

We've had meetings with all the major stakeholders, which represent two thirds of the carriers that handle approximately 70% to 80% of all the hazardous waste in Ontario. They talked to us about the issues on the ministry's side and on their side in terms of systems. We also heard about the industry's long-standing preference for and comfort with paper manifests. There's a lack of incentive for them to move to the electronic transfer of data.

That said, though, we have made some positive changes to HWIN. One change has been made as a result of feedback. We've worked hard to streamline the registration process, and it's working. The number of calls to our help desk during the annual registration period has been chopped in half, from about 13,000 to 6,000.

Since 2003, HWIN's analytical and reporting capabilities have been improved. Compliance reports have been improved and developed for HWIN, and financial

accounting reports have been developed.

In addition to our risk-based inspection program for hazardous waste, there is follow-up whenever the HWIN system finds discrepancies and unauthorized movements of waste shipments. Where non-compliance is found, we take the appropriate abatement to get compliance.

On OnAir, I note that the Auditor General was satisfied with the ministry's response to the original findings, but I just want to let you know about a couple of things we're doing. We have enhanced our screening process and quality assurance methodology in consultation with Environment Canada. We're continuing to work with the federal government to further harmonize reporting requirements under regulation 127 and the national pollutant release inventory. This work includes nine joint Ministry of the Environment-Environment Canada emission reporting workshops that are planned for this year.

On inspections, I'd like to talk about an area where Environet is critical to improving our effectiveness in planning activities. Solid progress has been made. The Auditor General recommended that the ministry develop Environet reports that analyze the state of the environment and compliance with regulations to support our risk-based inspections. The ministry heard this message and has implemented a risk-based inspection planning process not only for water inspections but for the other media as well. The approach is comprehensive and it's flexible.

The ministry's drinking water management division handles drinking-water-related inspections while the operations division deals with inspections related to other media. In the ops division, there are three categories of risk to the environment and human health: high, moderate and low. They plan their inspections accordingly. Based on the risk ranking of facilities, inspection staff focus on those with the highest risk. This approach on inspections and enforcement is comprehensive and complementary.

District inspectors provide geographical coverage for facilities in all sectors. It's enhanced by the sector compliance branch, which targets high-risk sectors through what we call sweeps. This approach allows the division to allocate inspection resources to ensure optimum coverage for the highest-risk sectors and facilities. We've incorporated some flexibility to provide coverage for emerging sectors of risk or for situations arising out of new policy directions or new regulations.

Ministry staff use a number of data management tools and systems that guide the risk-based inspection planning. Reports and information generated from across all program areas and databases inform work planning and priority setting. We're continuing to work hard to improve our reporting tools to further assist and analyze our data so we can plan better and allocate our resources better.

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Just to conclude, I think we've worked hard to address the findings of the Auditor General and this committee. Environet now provides our staff with more and better information than they've ever had before. Staff and managers have access to information and reports to plan inspections to focus on higher-risk sectors and facilities. The information systems help identify non-compliance, and staff follow up with appropriate abatement and enforcement activities.

The ministry has an Environet strategy with a commitment to ongoing investments in improving access to, and use of, its information assets for policy development and program delivery. In other words, the work is not done, but we have a plan and are working hard at it.

In conclusion, the work that has been done to address the auditor's and this committee's recommendations has resulted in the Ministry of the Environment being in a much stronger position to fulfill its responsibilities.

The Chair: Thank you very much. Questions from the committee?

Perhaps I could just ask one before we get in. Perhaps the weakest area of our ability with regard to the information systems we're looking at is with regard to the hazardous waste area. Deputy or staff, when you talk about hazardous waste, can you classify it in groups, from hazardous wastes that would be most damaging to our environment down to those which, while classified as hazardous waste, are not as damaging or are of less concern to our province as a whole?

Mr. Kivisto: I'm going to ask my colleagues to answer the detail on that, but I just want to point out a couple of things. What's not working in HWIN is the electronic manifest reporting. That doesn't mean to say that people aren't reporting hazardous wastes and their movement around the province. We are inputting the data at the ministry and then following up any discrepancies filed with the exemption reports, and those are followed rigorously by the operations division. We are enforcing the law. It's costing us time and money in terms of support staff having to input the data. So it's causing us extra work, but there is rigorous enforcement of the standards in the province.

Michael Williams, assistant deputy, operations, will talk about what they've done in terms of findings on the kinds of hazards to the environment and the sweeps they've done of that sector.

The Chair: I guess where my question is leading is, if we are most concerned about the most hazardous of the hazardous waste areas, perhaps a strategy—notwith-standing that you're getting paper and having to convert the paper into the system is somewhat of an answer, it doesn't give as timely information as if the information is immediately transferred electronically. Therefore, my greatest worry would be those hazardous wastes that are "lost" for a period of time and we don't know where they are or where they're not. So I guess my question was leading to, why would you not implement a strategy to take care of the very, very critical substances that are out there and work toward embracing all of them as you develop your liaison with the people who are transporting this waste?

Mr. Kivisto: As I understand the question, it's are we able to classify risk within that sector and plan our inspection enforcement ability appropriately?

The Chair: And your information systems.

Mr. Kivisto: Exactly. Mike?

Mr. Michael Williams: Basically, what we do in the hazardous waste sector is break it down into about four component parts. I'm going to tell you what the component parts are and then what we do, because we don't strictly rely on what I'm going to call the filing system of HWIN; we have a multipronged approach to make sure we can deal with hazardous waste.

There are basically four areas that we break hazardous waste down into: We talk about the waste generators, those who produce the stuff we need to pay attention to; we look at hazardous waste disposal sites, where it finally goes; we look at transfer and processing of the hazardous waste; and we look at PCB storage sites. We use them in our risk program because they have varying degrees of risk, depending on the chemicals they use or the products or by-products from them.

What we do in the division—I'm going to answer your question by telling you what we do about the paper piece, but I want to give you the whole piece, because the paper piece is a little bit of a weaker link in the system. We've got a pretty comprehensive framework on that. The generators are required to register their waste annually. The carriers and the receivers have to report to us. So it's like a chain of command right from start to finish. If somebody doesn't report or the system doesn't work about getting a movement or a shipment or a receipt in place, we've got other things in play that compensate for that.

When we talk about HWIN as a system, when it finds discrepancies, or what we call exceptions, you're quite correct to say, "But isn't it kind of after the fact when people report in and you look at records? What's going on in the real world out there today?" I'm going to tell you about that, but first about the paper trail.

The district offices take all the information that's fed to us from HWIN and analyze it. They break it down into

shippers, receivers and generators, and they take a look and say, "What are these findings telling us?" In some cases, we take a look at the authorizing documents, called certificates of approval, which the government issues for them. Quite candidly, sometimes we find there are simply mistakes that have been made—paper administrative mistakes—but we follow up on every one of the exception reports that come in to us from HWIN. I want to give you some examples.

When the Auditor General took a look at this when the program was in its infancy and we were using it to help inform what was going on in the hazardous waste sector, I believe there were about 5,000 exception reports that were found in those early days. At that point in time, to be perfectly candid, we didn't do a lot with those. But we learned from the Auditor General's remarks, to the point that in subsequent years the manifests that come in for all the waste movements are now referred to my division and every one of them is followed up.

After 2002-03, I can tell you, for example, that we had 156 receivers and 187 carriers that had exception reporting in 2004-05; those are the exact numbers. All the staff followed up on them. There were 13 receiver companies that accounted for 77 of those exceptions, and there were 24 carrier companies. Every one of those was checked, and 100% of the exceptions that were reported to us were administrative errors of one form or another. That's the trail-processing piece.

Today, as my colleague in the other division gathers whatever data is coming in from HWIN, we follow up on all of it. But that's only one piece of the puzzle. The other piece is the four categories of hazardous waste that I started to tell you about.

The districts have an inspection program. We look at hazardous waste operators, transfer stations, generators, etc., on an annual basis. That's under our risk-based inspection program. We put them through the tool. We decide which of those facilities, which shippers and which receivers we should pay special attention to because they're in what we call a higher risk category to either health or the environment, and we go and do a full inspection. When the inspection is done, we don't let go of that until there's compliance and they're brought 100% into compliance.

Varying degrees of compliance are found. I can just tell the committee that when the sector compliance branch, formerly known as the environmental SWAT team, goes out, they look at the really high-risk stuff. I think we've been before the committee before, and we use words like "midnight dumpers" and things like that—by the nodding of heads, I think people know what we mean. We send them into those areas, and they find very high levels of non-compliance and follow up with every one of them till they're done. At the district level, we're finding about 35% non-compliance, and again much of it is administrative non-compliance.

I want to assure the committee that notwithstanding the current deficiencies we have with reporting in HWIN, we do have a comprehensive hazardous waste inspection program in our district offices to deal with it, as well as our sector compliance branch.

The Chair: Okay. Mr. McNeely first and then—

Ms. Deborah Matthews (London North Centre): Could I just ask a procedural question?

The Chair: Sure.

Ms. Matthews: Because this is my first meeting of this committee, I just want to understand how this works. Does each party get an equal amount of time?

The Chair: That's what we try to do in terms of the

total balance of time.

Ms. Matthews: So the time you use is counted as your party time?

The Chair: Yes.

Ms. Matthews: Perfect. Thank you very much.

Mr. Phil McNeely (Ottawa-Orléans): Mr. Deputy Minister, one of the things we hear in the news these days is that we're going to move toward different concentrations on our environment, and air quality is one of the things. We talk about the deaths that were caused in Walkerton, but with air quality I think we talk about 1,600 or 1,800 deaths a year in Ontario. So this is very important. We see that a lot more coal-fired plants are coming on stream upwind from us through the Bush policies. We also see the federal government moving more towards a Bush approach to the environment, and I'm very concerned.

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On page 8 you say you have a lot of consultation with Environment Canada. Have you seen a change to date with the way Environment Canada is going on, or do you think that you're going to be able to go on with this cooperation and work that you've listed on page 8?

Mr. Kivisto: We work hard on all three media—air, water and land. Certainly on the air issue, we're working on two fronts. One is within the boundaries of Ontario. There is a suite of initiatives under way to improve air quality through Ontario policies and programs. I just

want to highlight a few of them for you.

From things such as tackling Drive Clean, which is vehicles, and in January of 2007 introducing ethanol into fuel, we're going to improve some of the emissions coming out of vehicles in the province. There are regulations in place to tighten the standards on industry over a long period of time, so that we're going to see improved air quality through industrial emissions. This government has announced the coal closure plan for the province, and that's certainly going to contribute as well. There have been investments in transit. That's going to remove cars off the road and contribute to better-quality air. That's just to mention a few; there's a lot at play to do what we can, in a measured way, to impact on air quality.

You're right to say that we know that more than 50% of our smog issues have their sources in the shared airshed and come to us from the midwestern states. We're not waiting for the federal government. We are working hard to influence US policies and, as well, working collaboratively with our American neighbours, particularly at the state level, to pressure for change and find

solutions for air quality. That will improve our air quality here and those downstream from us. Our air moves into Quebec and also the northeastern states.

We've recently launched publicly a comment on US policy out of the EPA that we believe is not helpful to air quality in the US and in Ontario, trying to pressure a change through the legal process that the Americans have. We are pursuing, specific to the US states that feel the same way, and working with them to see what can be done to influence US policies and programs. We're reaching out to some of the midwestern states to look for ways that we can work with them to encourage them to learn from one another and improve air quality. I made a trip to Ohio just for that purpose.

At the same time, what is the federal government doing? We have a new government. They've talked about a clean air act. It isn't clear yet what policies they're going to bring to play in terms of air quality. We need their help, especially on international matters. I've talked to my colleague deputy and I will continue to talk. I'm meeting with him in May to explore those opportunities. There's a meeting of all the deputy ministers of the environment in early May in Saskatoon, and I'll be exploring their perspectives on this issue as well.

The number you used in terms of deaths in Ontario, I think you can multiply it by three. Our study from a year ago talked about over 5,000 people dying from air quality issues in Ontario, with many multiples of that being admitted to hospital. It's a serious issue and it needs attention, and we're giving that attention.

There is one last item. There's a shared air summit. We had one here in Ontario last year. There's another one being organized for June. It's going to bring together people from government, business, the public and others to talk about air quality and what we can do to improve it in a North American context.

Ms. Jennifer F. Mossop (Stoney Creek): I just want to follow up, if I can, on the air quality questions. It's a key concern. Did you say 5,000?

Mr. Kivisto: I believe the number is around 5,800. It's what we reported in our study last year. I'll just turn to my colleagues to make sure I'm not misreading it. It's 5,800.

Ms. Mossop: And that's 5,800 smog-related deaths?

Mr. Kivisto: Air-quality-related deaths in Ontario, related to transboundary air and our air quality here. That's the estimate by medical experts in Ontario.

Ms. Mossop: That's a pretty alarming figure.

So you are working with the United States. You're working federally, but also with the individual states. What kind of response are you getting?

Mr. Kivisto: It's interesting to note that there are a number of US states that also disagree with the proposed changes in policy out of the US EPA. We've communicated with them and they know what we're doing. We're supporting one another in terms of pressuring the US government to change their policies in that regard. So there's a good relationship, and we have agreements with

them in place that are historic. We're going to renew those agreements so that we continue to work together.

In terms of the reception in Ohio that I had—and it was to pursue this issue with them—they're polite and hospitable. They give us information at a public service level. It's a question as to whether we're going to see concrete action beyond the policy and programs. That's a question of trying to build the relationships, encourage movement and then pressure for change. I think we're trying to do all those things, both legally and through other mechanisms.

Ms. Mossop: Just in terms of hot-spot areas—Hamilton, for one, because of the industrial basin but also along the shoreline of Lake Huron: Oddly enough, Grand Bend comes up as one of the highest on air quality days. Are you doing anything in terms of pinpointing areas like that?

Mr. Kivisto: The report released last year specifically identifies smog levels or quality issues and transboundary issues and, if I remember right, talks about Windsor, for example, having 90% of its air quality originating from the US, and other cities down to 50%. So it's very geographic, as you indicate.

The solution can't be an Ontario solution. It has to be elsewhere. That's why the huge effort we're putting into

influencing our American neighbours.

The Chair: Mr. Prue?

Mr. Bill Mauro (Thunder Bay-Atikokan): Chair— The Chair: I'm sorry, I didn't see your hand. How long are you going to be?

Mr. Mauro: I just have one question.

The Chair: Okay; sure.

Mr. Mauro: Thank you, Mr. Kivisto, for your comments. Have you ever been to Thunder Bay?

Mr. Kivisto: Many times.

Mr. Mauro: It's reported to have the largest concentration of Finnish population anywhere outside of Finland. Are you aware of that?

Mr. Kivisto: I have breakfast at the Hoito also.

Mr. Mauro: Attaboy. It's a landmark; an international landmark. It's good to hear.

One question only: By the acknowledgement of the auditor, your ministry has achieved great success on the drinking water information system side. Of course, in the post-Walkerton era, everyone is very cognizant of the need to move forward on those issues. To this point, it seems as if people are generally satisfied with the progress that's been made in that one piece. My question is, where do you see it going from here? Even though it's moved forward greatly, I'm wondering what is left in that area, in the estimation of your ministry, that still requires work, and where you see it being a year from now.

Mr. Kivisto: I've talked about a couple of examples. The portal, I think, just in terms of the ministry's

business-

Interruption.

Mr. Kivisto: That's interesting. Excuse me.

The portal will help us share information internally within the ministry and with the regulated community

and the public and improve access to information and its use on those fronts. I think it's a really important development: transparency and accountability as well as a better use of information.

A big push now is to integrate the operations division information system into Environet. It's a huge challenge. It's a Lotus-based system and, according to the information I was given, is being pushed right to the max. It's very sophisticated, probably as sophisticated as can be, and pushed as far as it can go. We need to gain access to that information system in an integrated way. So we've got work under way, as a priority, to connect operations division inspection information to the rest of the ministry.

We've committed to about a \$5-million investment in IT program development next year, and probably the year after that, and probably over a period of time. These are not on the scale of hundreds of millions of dollars, but, for us, a significant commitment to continuing to improve our user information. It has to be done on a basis of priorities.

I've done enough IT work, between programs that need IT and on the technology side, to understand that you've got to do it in an incremental way. You don't want to do a big-bang thing where you go away and you commit to high risk. So you do it in pilots, you do it in phases. You roll it out, make sure it works, manage risk and get value in terms of information use.

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I'm pleased to report that I explored that with the senior management team. There is a plan in place; there are priorities. It's multi-year, and it's being done in a careful way, consistent with direction from the Ontario chief corporate information system officer. We have an IT plan and a strategy on a go-forward basis. We're implementing programs right now that we're on top of to ensure that they provide value not only to the ministry but to its clients and the taxpayers.

The Chair: Mr. Prue.

Mr. Michael Prue (Beaches-East York): I have eight questions. I don't know whether I can get them all in, but with your indulgence, I'm hoping that you can answer them fairly rapidly and we can move along. I really want to see what's happening on the ground.

The first one is, in 2003 the auditor stated that 300 of the 1,476 registered non-municipal waterworks had never submitted any tests to the ministry, and 612 of the 1,476 had not submitted the minimum number of water samples for E. coli bacteria and fecal coliform. What are the numbers today?

Mr. Kivisto: I'm going to turn to Jim Smith. I can tell you that we now have a handle on all of that. We know exactly who's reporting, and what, and what tests are being done. If that's not happening, that's flagged for field staff, and it's enforced and followed up on. We know there's 100% compliance, and we can give you the detailed numbers. Jim?

Mr. Jim Smith: Good morning. In terms of our follow-up, we went through all the records that were identified in that report. At the end of the day, we went

through the methodology, and a number of the systems did require compliance follow-up. We had a number of visits—nine visits, actually, site visits—for those systems. Three provincial officer orders were issued, and there were a couple of further follow-ups as well. So we followed that through.

We learned from that experience, when that audit was done—that was a period in time when the DWIS system was still under development—so we have business processes in place for non-compliance. We have now instituted a quarterly cycle where we run our reports for DWIS non-compliance—specifically, a lack of laboratory service numbers—and also for non-testing. For the last quarter, there were just over 200 systems. We ran it for designated facilities and also for our non-municipal, year-round residential systems.

The process is as follows: The run is made. Staff check that information, and then a letter is sent to the owner/operator of the system advising them that we've discovered this potential non-compliance. We expect a written response within 20 days. If we don't get a response, phone calls are made, and then we follow up again and identify that facility for further compliance checks. That's what we've instituted for potential non-compliance, using the data that is provided to the ministry from the laboratories across the province. It's one of a number of checks and balances that we have in the system for compliance.

Mr. Prue: So all 1,476 that were identified are now 100% compliant?

Mr. Smith: For that period of time, correct, and what I've indicated is for the two system categories that I talked about. The most recent information from the last quarter is that just over 200 of those are being followed up on as being potentially non-compliant for similar reasons.

Mr. Prue: Second question: The auditor found 6,725 water samples with unacceptably high concentrations of regulated substances, 2001-03. Of these, 3,181 were adverse water quality incidents. What are the numbers today? What is the number of adverse water quality incidents reported from 2003 to today, and have they all been addressed?

Mr. Smith: I can speak to that in two parts. As the deputy indicated in his opening remarks, we have a comprehensive end-to-end process for adverse water quality incidents. These are exceedances of standards or other conditions that could compromise the safety of the drinking water.

Number one is the notification requirement. Laboratories and owners and operators must notify the ministry 24/7. They must notify the medical officer of health, the public health unit, and if it's a lab, they must also notify the owner/operator, who in turn notifies us and the local health unit. It's a safety net in place for reporting of notifications.

Those notifications are assessed by the staff at the Spills Action Centre. For example, if we take the adverse water quality incident of greatest concern, which is a

positive finding for E. coli, then a response would be asked for by our inspection staff.

Let me take the opportunity as well—this is where these information systems are vital for us and provide us with considerable advantages. All that information is recorded in DWIS, so the entire record of the notification and if the appropriate notifications were made is recorded in DWIS by our Spills Action Centre staff.

The inspector, when he receives the request and the notification, will search the records for that facility. All that information is there. Now we're talking about LWIS, the laboratory waterworks information system, which would hold that information. They would then make a decision on whether to conduct a field response. They're in contact with the health unit; they're in contact with the owner to ascertain that they followed the corrective actions specified by our regulations, actions such as flushing, taking additional samples, making sure chlorine—if the system is using chlorine—is at appropriate levels. That information, again, is recorded in the system.

Our laws require as well that the owner/operator must, within 24 hours, provide us with a written notification that confirms the verbal information they gave and the actions they've taken. That again is recorded in those information systems.

You can see I'm moving towards the end-to-end process.

Importantly, the inspector also indicates all the actions that he's taken. If he has gone on site to inspect the facility through a field response, he would have taken—or she would have taken—additional samples, would have ensured the appropriate actions were taken, and also made sure the equipment was operating appropriately to our requirements.

The final part of the follow-up is the resolution report. Again, by law, the owner/operator has to indicate to us, within seven days after they've taken the appropriate corrective action, that they indeed have done so. That information is also recorded, which now gives our inspector who is assigned to the case the complete information, and he or she can follow up if any of those pieces are missing.

In terms of the numbers themselves, the number of AWQIs, I can give you that. For the latest period, the period from April to December of last year—it's a partial year of results—there were about 6,800 notifications to us. To put that number in perspective, around 300 of those were microbiological for E. coli and fecal coliform. Those are what we would consider the more serious notifications.

I can tell you that each of these is followed up upon. Everything is recorded in our information systems. I also should note that I personally, as chief drinking water inspector, am notified of significant adverse water quality incidents. I take note of them in my day-to-day responsibilities.

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Mr. Prue: Mr. Chair, I'm mindful of the time. That was a really long response till you actually got to the

point I wanted. I understand that everybody's trying their best. I have three more questions on water, and then a couple on other things.

The auditor reported that in 2003 ministry water inspectors were averaging fewer inspections annually, with the total inspection activity at 73% of 1995-96. Where are you today? Are you back to 1995-96 levels? Are you still below? Are you above? Where are you today?

Mr. Kivisto: I'll ask Michael to speak to it. In terms of inspections of water systems, we do 100% of the water plants, so that number is probably absolutely stable, plus the field response inspections. Maybe, if Michael speaks about the other—

Mr. Prue: Is that stable, at 73% of the 1995 standard? Mr. Kivisto: I'm saying that in terms of the water inspections, because we committed to 100% inspections; we do hundreds of those every year. That's probably a new commitment that wasn't there in 1995-96. In terms of the total number of inspections, Michael will provide you with the numbers.

Mr. Williams: We're absolutely about the same numbers on that. We track the numbers on it, but what I want to convey to you is that we have the same number of inspection staff; the same level of inspection effort is going on year over year in my division. My division has everything except drinking water responsibilities. That has not changed. As a matter of fact, we've just added a few more inspectors, given recent obligations that we have with respect to nutrient management.

I'm mindful of your time, so I want to be really short. The numbers, I would suggest, with respect, don't tell the total picture; it's the amount of time that we're spending in facilities. What we're finding is that the inspections we're undertaking are far more complex. They're taking us much, much longer than they did a decade ago. The approvals are more complex; the follow-up work is more complex relative to the inspection, with a desire to drive 100% compliance at the end of the day.

Our measured level of inspection effort, our horsepower, our capacity number of inspectors, has not changed out there.

Mr. Prue: I'm not sure I understand. There was a 73% inspection activity in 2003 compared to 1995-96. Are you still at that rate?

Mr. Williams: The numbers go up and down.

Mr. Prue: What is the rate for 2005, then?

Mr. Williams: The rate for 2005-06—the last figures I have are up to Christmas last year, because we run on a fiscal year—is 6,500. Now, there'll be another three months worth of inspection effort that needs to be added to that. I can tell you that over the last decade the numbers have gone anywhere from 4,500 to 15,000.

They vary annually, and the reason they vary annually like that is that we have—for example, when we introduced the smog patrol and we had them out there stopping cars to look for smoking vehicles on the streets, we got 3,000, 4,000 inspections out of that. That counts as a number, the same type of inspection that we do when we go into a steel mill like Stelco, where we spend six

months. They each count as one. That's the point I was trying to convey around moving to risk: It's the level of effort that goes into it, and that is not changing, sir.

Mr. Kivisto: It's the same number of inspectors spending the same number of hours in various facilities. Depending on how complex the inspection program is, the numbers will go up. If you can do the inspection in an hour or half an hour, because you're doing a car, the numbers go way up. If you focus on complex issues, it takes longer. So there's been no reduction in staffing levels or inspection effort. The number of inspections will vary from year to year based on our targeting.

Mr. Prue: Let me put it another way: How many new water inspectors have been hired since 2003? How does that compare to the number you had on staff in 1995-96?

Mr. Smith: The number of inspectors went up by 25% since that year. I have a total of 95 drinking water facility inspectors. The ministry also has six laboratory inspectors.

The number of inspections has increased for municipal residential drinking water systems over the last couple of years. We've included stand-alone distribution systems, so the number, for example, of municipal drinking water inspections has gone up from 646 in 2003-04 to 729 in 2004-05. The numbers do fluctuate, because some systems amalgamate and there are some new systems, so they do change from year to year. The staff level went up, and the number of inspections has gone up.

As the deputy noted, we're required by law to inspect municipal drinking water systems, residential systems, one inspection a year. Similarly, laboratories are, by law, required to be inspected as well.

Mr. Prue: Next question: How many of the 357 private drinking water treatment plants and how many of the 1,119 smaller plants and designated facilities identified by the auditor were inspected in 2004-05?

Mr. Smith: What I would like to talk about in that context is the safety net that we have in place for all of Ontario's drinking water systems. I won't take a lot of time on that.

Mr. Prue: It's easy. Were they all inspected or not?

Mr. Smith: The inspection requirements for municipal residential: 100% inspected. For non-municipal systems, as part of our safety net, if we have an adverse water quality incident reported from that system, we may end up inspecting the system because we have some concerns about their water quality.

We have also commenced a strategy for non-municipal systems. There are two parts to that. There are the systems that the government intends to transfer to the Ministry of Health and Long-Term Care, to the local health units. The program rollout for that: It's proposed that next year, starting in 2007, site-specific risk assessments would be conducted for those facilities. So there would be an inspection component, in essence, for those.

For designated facilities and non-municipal residential, which the ministry will continue to have authority for, we implemented a pilot program over the last year

to develop our inspection strategy for those systems. We want to do that hand in hand with the Ministry of Health. We're both using risk-based frameworks and we want the most consistency in terms of how we implement that over the upcoming year.

For the pilot program, we inspected about 100 facilities for the designated and the year-round residential

non-municipal.

Mr. Prue: That's 100 out of 1,100.

Mr. Smith: The number for designated is about 1,500, and for non-municipal year-round residential it's just over 300.

Mr. Prue: I know that the province does not want to tread upon the First Nations communities, being a federal responsibility, but they obviously, without doubt, have the worst drinking water and facilities in this province. We saw what happened in Kashechewan. We know there are at least 60 boil-water advisories across northern Ontario. What would it take for this ministry to licence, train and test in those communities? They are all Ontario residents.

Mr. Kivisto: I think the challenge there is one of jurisdiction. Unless there is an agreement with the First Nations and the federal agreement, and a request from both of them for Ontario to step in and do that work, I don't think we're in a position to take it on. We've offered any assistance to the First Nations and the federal government that we can offer in terms of their plans to implement a water quality initiative in the First Nations.

We certainly have responded to requests directly from First Nations to assist, both as a ministry through our technical staff and through the Ontario Clean Water Agency. They provide training and, in some cases,

operate systems on a fee-for-service basis.

I just talked to the Walkerton Centre a month or two ago and encouraged them to continue doing what they're doing, which is offering their programs to First Nations.

This is a jurisdictional issue, a legislative issue, that complicates that. We're in a situation where we offer and, if there's a request, we assist. If the federal government wanted Ontario to engage, we'd be negotiating some kind of understanding and resource commitment from them so we could beef up our resources to do that program. I await their response to our communications. 1040

Mr. Prue: My last two questions: One has to do with hazardous waste and the other with air quality. What percentage of hazardous waste movements are being monitored by the new hazardous waste information system as of today? The reason I'm asking this is that up to 5,000 unauthorized hazardous waste movements are reported by the auditor as requiring follow-up. How many have actually been followed up?

Mr. Kivisto: Carl Griffith, the ADM for the standards and science division, also manages the HWIN system, so Carl can speak to you about the numbers of exemption reports we've had and how many of them, with Michael,

are then followed up on.

Mr. Carl Griffith: The answer to the first part of your question is that we do track all of it. All that is generated

and moved in the province is tracked through the HWIN system.

Mr. Prue: Okay, and of the 5,000 hazardous waste movements—you've followed them up. What have you done with them? How many have had enforcement action or anything done with them?

Mr. Griffith: I'll ask Michael to respond to that.

Mr. Williams: I can speak to that. As I said, I believe, in my response to the Chair's question at the start, the Auditor General had pointed out in the first year of the HWIN program that there were roughly 5,000 incidents that were found. I explained that we didn't focus just on the 5,000 incidents; we did it as part of our regular

inspection planning program for HWIN.

But I do have the numbers following on from that. What happened in 2004-05 is that all of the exceptions were referred to my division for action. The total numbers on that were 156 receivers and 187 carriers. Once we removed all of the obvious errors and duplicate occurrences, district staff took action to follow up on 13 receiver companies and 24 carrier companies. The receivers had 77 of those exception reports; the carriers had 128 of the exception reports. We concluded, after our analysis and follow-up, that 100% of the exceptions were administrative errors of one form or another.

I'll give you an example. They would have an incorrect certificate of approval number on the manifest. They would use an incorrect waste classification on the manifest. There was transposition of numbers; for example, 132 would be written down instead of 123, or they carried or received waste that wasn't included in the certificate of approval but was corrected shortly after the shipment. In all cases, the district staff followed up every one of those incidents. They were informed of their noncompliance, either by phone call or letter, or we did a personal visit on that to ensure they were fully compliant. For the subsequent years, we did exactly the same thing.

That's only one portion. You asked me strictly what we do with each HWIN. That's what we do: 100% of

them get follow-up in the field.

Mr. Prue: Thank you. My last question is related to a statement made here today: 5,800 deaths in Ontario related to air quality—smog. Can you tell me, is the bureaucracy preparing any reports or bills or anything so that Ontario will introduce a climate change plan? Quebec has one. Manitoba has one. The Suzuki Foundation says that Ontario is lagging way behind, with 5,800 of our citizens dying last year. When can we expect such a plan?

Mr. Kivisto: Let me just, in a thumbnail, repeat some of what I described in terms of the two facets to addressing air quality in Ontario. There are the initiatives that we've got within the boundaries of Ontario. There have been regulatory changes, regulations introduced to reduce submissions from our industrial plants. The government has decided to shut down the coal generation plants. We've introduced changes to the Drive Clean program. There's a law in place to require that fuels in Ontario have 5% ethanol as of January 2007. These

measures, the investments in transit and others, will remove vehicles off the roads. So I think, in terms of our doing legislation and regulation and enforcing that regulation, we have a lot in motion. There's a lot of effort being put in to do that.

The second part is, what are we doing to attack all the 50%-plus air quality problems we get from the shared airshed from the US? That's a matter of pressuring the US government to ensuring that its policies are consistent with improving air quality. We've engaged legal firms in the States to help us. We've filed comments using US process to pressure for change. We've aligned ourselves with other US states that are of the same mind that we are, that that policy is inappropriate, and we'll continue to pursue that course of action.

We are reaching out to Midwestern states to find those which are willing to work with us to find solutions so that we can learn from one another and improve air quality.

We're doing everything we can to effect change outside the boundaries of Ontario. We're hosting the Shared Air Summit this June as part of that commitment.

I think we need to work on two fronts, and we are working on two fronts.

Mr. Prue: I acknowledge that lots of things are going on, but I would take it from your response that there is no timetable, no political will, no bureaucratic movement, to come up with or introduce a climate change plan.

Mr. Kivisto: Climate change is a global issue, and Ontario certainly has been a supporter of the Kyoto agreement. Much of that agreement is centred on what the Canadian government wants to do, and it's really unclear where this government is going to go. They haven't set goals or targets for any jurisdiction or industry within Canada, so we need to create our own agenda. We've done that in Ontario.

The government has made determined efforts to improve the air quality, reflecting climate change and reducing greenhouse gases: the kinds of measures I talked about, in terms of tightening our own regulations on a multi-year basis and enforcing those standards. These are difficult things to do.

There are substantial reductions in NO_x and SO_x standards in Ontario that are being phased in over the next five to 10 years, with significant costs to industry, for the benefit of Ontarians. The movement to require ethanol in fuel is a big change. It's going to improve air quality. The shutting down of coal plants comes at a cost. So I think, as a jurisdiction, we are doing reasonable things, difficult things, to contribute to the quality of air and reduce greenhouse gases within the bounds of Ontario, and then we're working with other jurisdictions to effect a change there. Can more be done? Sure. Will more be done? Sure.

The Chair: Thank you. That was about 27 minutes or so. The other caucuses might want to catch up on the time. Mrs. Munro?

Mrs. Julia Munro (York North): I want to come back to themes that have already emerged with regard to the issue around compliance. Obviously, as legislators

and as people involved in policy setting, clearly the proof of the benefits to any policy setting is the result, the question of compliance. You've given us a number of examples of the vigilance that you are able to undertake. Certainly it's welcoming to hear about the processes, and how the financial commitment necessary to make those processes has now provided you with the tools to provide the kind of inspections and things like that that you are now able to do. I want to focus for a moment on the issue of how you see that process developing into higher levels of compliance as time goes on, because clearly, to me, the demonstration of the value of the investments that have been made in the processes to this date is the level of compliance.

I'd like, first of all, if you would just comment on that, and then we'll talk about specific areas of compliance.

Mr. Kivisto: In terms of a government deciding policy and setting standards, our job as the public service is to enforce those standards. The goal is to ensure 100% compliance. We can't be in every facility 24 hours a day, so you need to have a risk-based approach to assigning resources. I think we described how we do that and how critical the investments and information are to doing that.

We do know the compliance rates, generally, from the inspections that we do. Both Michael and Jim can provide you with the details of that. We should be setting goals in terms of compliance rates for those targeted sectors' facilities so that if we're finding 70% non-compliance, we would drive it to the reverse: 80% compliance or more. That's really what the risk-based approach needs to get to.

Let me just speak about another piece of policy that's going to help the Ministry of the Environment and all the regulatory ministries in Ontario. There's a piece of legislation before the House modernizing regulatory activities, and part of that package—I was very involved in helping to shape it—is to work on a multi-ministry basis and facilitate, through a change in legislation, the ability for ministries to share information for planning inspection purposes on performance of compliance rates of specific facilities and sectors. We coined it as two sides of the same coin. One is looking at high performance. So those sector facilities that are in good compliance, generally, across several ministries should get less attention and would just be recognized for that, while we shift our effort to what we term the chronic violators.

That policy talks about developing and enabling us to share information and then target our resources, individually and collectively, towards the high-risk sectors, the chronic violators, and then implement some policies that will help us to drive compliance rates up. Hopefully, as it works through, we'll see if the Legislature determines that those kinds of directions for us to take are good, but it certainly would help what we do.

In terms of compliance rates that the ministry sees now, if you want to pursue specific numbers we're at, then I would defer to my colleagues.

Mrs. Munro: Yes, I think it would be helpful for us, because obviously the whole reason for the Auditor

General to do what he does and for us as public accounts committee members is to be able to see that progression and then look at and provide support where appropriate; as you point out, you're then able to look at the high-risk areas and look at how you push the compliance rates. Certainly, in that regard we're all on the same page.

Mr. Kivisto: I'll just make a comment. I asked the same question not too long ago of my assistant deputy minister: "How do we know we're inspecting the right places? Talk to me about what we're finding in the compliance rates." I was happy to hear that we do know, generally, what compliance rates are and that, depending on the program, we're finding high non-compliance in those areas. Now the question is to work with those sectors to improve awareness, promote compliance and enforce compliance so that we see those rates improve.

Perhaps Michael should speak a little bit about the experience in the media that he deals with.

Mr. Williams: Let's go back for a minute to the hazardous waste sector. One of the things we do is roll up the year-end results every year, and I look at it with my directors. We decide what sectors we want to target the following years if we're not seeing changes in compliance, if we're seeing a large number of facilities that just aren't doing what we want them to do. We're just now starting, with the aid of moving our legacy systems over to the Environet-based vision, to be able to get the kind of analysis that will help us on that.

We look at a couple of things. We look at, for example, does the risk ranking change? Some facilities are inherently, by the nature of the work they're doing, higher risk, or the chemicals or things that they're handling are, so you'd always think that they'll be in the high-risk category. Well, if we go in there and find that they're pretty well fully compliant with things, that there's no significant threat to human health, safety or to the environment, our officers have an ability to say that they will move to a moderate-risk category. Ultimately, they will take what my colleague referred to as a focused inspection. We don't have to go in through the whole facility; we focus on where the problems are. So we now have a bit of an analytical capability to do that, and that will be improved in the future.

I want to tell you that we're in the second year, we just completed the second year of the risk-based program, so it's a little early to be able to say, "Yes, we've moved all these facilities here." But I can tell you about some of the changes we've been observing, both with our sector compliance branch doing the sweeps and at the district level. For example, in the hazardous waste arena we're finding that there's 80% to 90% non-compliance, but the non-compliance is for administrative things, like the paperwork I talked about.

As we track that forward in the future we say, "Okay. Nobody is perfect, but that's not a bad place to be on this." Over time, when we went in and looked at the significant waste facilities, very large sites—these things take a long, long time to do, when we go from cradle to grave for an entire facility. We were finding earlier on,

three or four years ago, that each facility was averaging three to four infractions with its non-compliance. Today, last year, they're down to one to two. So I would suggest to you that for those that we're capturing and going back on, we're seeing some measurable improvements.

The other thing we're able to do when we look at the risk-based performance model on this—as the deputy has said, "Convince me that you're targeting the right ones." I'll tell you why I think the division is targeting the right ones. When I asked to see the roll-up of the figures for the last year for which we started—actually, the first complete year of the program was 2004-05—right across all of the districts, for all the media that they took a look at, we were in the neighbourhood of about 40% noncompliance. People might say, "Oh gosh, 40%." Let me tell you what that broke down to, because that's the key thing: 29% of that were administrative issues—the wrong kind of signage, paperwork that was improper, signs, weren't posted around a sewage lagoon, the truck didn't have the right kind of triangle marker on it etc.; the remaining 11% was what we would call the problems. When I sit and meet with my district managers and directors, I talk to them about that 11%. That 11%, of the things they found, had the potential to cause risks to human health, safety and the environment.

In the second year of the program, once we found that out in 2004-05, we said, as a policy, "You're now going to go back. If any one of those things fails in a high-risk category, they win a re-inspection next year. You must go back and re-inspect them unless there's an approved abatement plan with timelines on file that the officers approved and accepted." As we start to track that in our systems—I only have up to Christmas of this year, because we just finished with March 31 in the second year, and we're now entering the third year of it—I'm very hopeful that we're going to see improvements. We're going to see some changes in risk rankings.

I would not go as far as to say that we are going to drive the 10% or 11% down to zero, because I think what's important to remember is that, while we do reinspect where we find problems, we also go out and check new things every year. So we're going to discover, as we go out to a facility we haven't been to before, some non-compliance. The key question is, is it significant or not, and does it fall into that 10% or 11% band, where we really want to pay time and attention?

I'd suggest to you, just from our inaugural first year and three quarters in it, that I think the system is doing better. I think it's also allowing us to allocate our resources much better. The officers can go into the databases that we're now creating. They can look at things like, what's the compliance history of that facility? They can get the certificates of approval. What are the terms and conditions that are significant on those approvals that we need to be following up on? We get information in there now like, are there sensitive receptors beside it? Are we dealing with an industrial park with nothing around, or are we dealing with an industrial setting where there are schools and homes nearby? We tailor our inspections accordingly.

It's a little bit early for me to give you more than the global result, but I can tell you that it's about 10% or 11%, and that's where we're putting our resources.

Mrs. Munro: I really appreciate it, and I do appreciate the fact that this is very new in terms of being able to see any kind of statistical analysis over five years or something like that. Clearly, when you are making those investments and setting those priorities, it's very heartening to hear that that's the kind of early—as you say, inaugural—result.

Just to look perhaps at something like water inspection, is it possible that you could be looking, in the future, at an inspection that essentially is a virtual one as opposed to a physical one?

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Mr. Kivisto: Let me, uninformed as I am, take a stab at it and then we'll see if Jim corrects me. He'll certainly need to make his remarks. In my experience—I've spent much of my experience in a regulatory environment in government; I was in the private sector for a while-I understand that certainly what you see reported to you is health. What's reported to you sometimes doesn't reflect what's, in reality, in the workplace or facility. I believe you need to have a presence on some basis that corroborates reports to reality. I think that if you don't do that, there are fraudulent things. There are errors made in reports. They don't tell you the whole picture. If you go on site and you find out they're using the wrong chemicals, the procedures aren't good, the equipment hasn't been maintained, there's poor management, or whatever, those are hugely important in ensuring the safety of citizens in Ontario.

I think on the drinking water side, we had a classic example in Kashechewan, where the equipment and design originally was probably very good, but over time, the way it was operated and maintained wasn't up to snuff, and Ontario was asked to come in and take a look at it. Our chief inspector and team went in there. I was thoroughly briefed on the findings and, frankly, it was quite troubling that there wasn't the on-site attention oversight that's required. So I would not be a subscriber to a virtual system of inspection. I think you need that, and you need on-site oversight by competent people who know to look for the critical things to enforce compliance.

Mrs. Munro: Thank you. Were you going to respond as well? I wasn't sure.

Interjection.

Mr. Kivisto: I think he's saying I got it right.

Mrs. Munro: Yes. I'm convinced.

The question, just moving on over to the water issue: In the remarks that you provided us with, it talks about the fact that there are 5,000 certified drinking water operators. I think that's one of the things that, historically, was certainly, from our experiences, an essential component and one that obviously had not been looked at carefully enough. Is that enough? Is 5,000 enough? Do we have a sufficient component, or should we have more? Is there a problem with smaller communities having that level of expertise?

Mr. Smith: Certainly, we've made major changes to operator certification. It's been strengthened substantially through requirements for continuous education, on-the-job training. The other major key date that's coming up is, as of May 14 of this year, there no longer will be grandparented operators working in Ontario. Those operators, over the last couple of years, have had to take the necessary training and write the exams, take the exams, to get their operator certificates.

I can say that that's been very positive. There are 5,000. We have not seen a large loss of operators in the system. In the labour market in the north, there are attraction/retention issues. We hear about that, but not to the point where it's alarming or there's a sense that systems will not be able to find qualified and trained individuals.

Mrs. Munro: Again, that's very reassuring for us.

One of the things you mentioned in your report on page 4 was the whole issue around public reporting. Taking that, I wondered whether or not the information system on page 6 that you're referring to about public reporting would include individual reports.

Mr. Kivisto: I'll ask Jim to talk about what the design elements behind a portal will be and what will transpire in the near term, but let me just make some comments

about my observations from other jurisdictions.

I was responsible for health and safety for the province of Ontario for a number of years at the Ministry of Labour. I could go to a US site for the health and safety organization. I could see the inspection orders issued to any facility in the country, anywhere, online. I could look at the legal action taken and see a summary of that on site, online, and I'm not a citizen of the US.

I'd love to see Ontario at a point where every inspection report that's written is available for anybody to look at. The challenge we have is, how do we get there? I certainly want to see information that the ministry has available that would normally be FOI-able anyway—just put it out there. We have 6,000 FOI requests coming into the ministry, and it's growing. It's taken us a massive amount of effort to respond to that. It's a huge driver for us to take a good, hard look at what these requests are about, and can't we just get that information out there without having to drive the results? So we've got work under way to do that.

Jim will talk to you a little bit about what that portal will do in terms of making transparent the results of

water tests and inspections in that program.

Mr. Smith: Reporting is fundamental to the safety net for drinking water in Ontario. I'm obligated to report by law in terms of what I see happening across Ontario for drinking water systems. System owners/operators are also obligated by law to report their system findings for the year.

In terms of the portal specifically, it's moving one step beyond what people are normally used to when going on the Internet and going to a website. It allows for customization and it allows for the user to select the type of information they would like to see.

For drinking water, one is, we're working on the enabling technology. That's well in hand. Secondly, we're working on the content that we need in the organization, that our partners need and what the public would like to see. Certainly, what I would like is GIS-based mapping, so a member of the public can go in and, on a map of Ontario, they can see where their facility is, their drinking water system, and point and click and start getting information that is of interest to them, that they can customize around adverse water quality incidents or drinking water information or some basics around the systems themselves. That's all possible with the technology today, and also very possible because we have DWIS and LWIS in place, which allows us then to capture that information and provide it in a form that's meaningful.

Mrs. Munro: Thank you. I have one final question, and that has to do with the whole issue around hazardous waste transport and the ongoing challenge, I guess, in terms of moving from paper to electronic. Is there a way of creating or is there already in existence some kind of incentive—I'm thinking in terms of ease as opposed to anything more tangible—to encourage that shift from

paper to electronic?

Mr. Kivisto: Everything is on the table to drive change, and we will do what we need to do to drive that change. We are doing a review of that. I understand the value of getting electronic information. We think we have parts of that sector that just aren't sophisticated enough to take advantage of it; we have others that are resisting it. We're going to determine whether we get there through persuasion, whether we get there through incentives, or whether we get there through something else, but we will get there.

The objective that we talked about a few years ago of getting to 60%, 70% electronic: We're nowhere near that. Will we get there? I don't know, but it won't be for a lack of effort. I think it's going to take multiple things to

effect that.

There's a huge incentive for us to do that. As the Chair pointed out earlier, it's to ensure that we have real-time information to effect our enforcement responsibilities, but it's also that we're spending a lot of money on clerical staff entering data. I'm looking for a cost-effective organization, and if we can avoid that work, eliminate that work and the errors that it causes, we're going to do that. So it's under active review, and solutions will be found with our folks in that sector.

The Chair: Further questions? 1110

Mr. McNeely: A very short question. It has to do with the Greater Toronto Transportation Authority, which was mentioned in the budget. That's going to cover 60% of the population of Ontario, I believe, and the Places to Grow legislation and all that we're doing. I'm very impressed with what I've heard today about what you've done with water quality etc. If we're looking at the 50% of air quality that we can control ourselves, I understand about half of that is related to transportation. It may not be at quite that level.

What involvement do you see in future priorities that's not in what we have done and maybe not in the auditor's report? But when you put on priorities, if you're going to be looking at air quality, what role do you see for the Ministry of the Environment and yourself with the Greater Toronto Transportation Authority when it gets rolled out? It was mentioned in the budget.

Mr. Kivisto: Transit and facility in transit is a really important investment for citizens and governments to make. It will reduce the number of vehicles on the road.

It will help the economy.

In terms of air quality, I just got a briefing that I glanced at last night. It's interesting to know that, for nitrous oxide, transportation is 63% of the source, whereas for SO₂, it's 67% industrial. For volatile organics, it's the miscellaneous—paints, general solvents, printing—from other sectors.

So we have, depending on the substance, different sources of smog-causing pollutants. That's why, in terms of having an impact through policy and program on air quality, you need to target various facets of society and the economy to effect the change. I think the job of the public service is to present that kind of information to governments to make their policy decisions, and what I've described earlier is that we've got movement on all of those fronts in an Ontario context, recognizing that we need to address not only coal plants but vehicles, transit, fuel and others. I'm pretty impressed in my four short months in terms of just the very comprehensive agenda that the Ministry of Environment has in place to tackle air quality.

The Chair: Okay. There's one area where I think clarification needs to be provided, not so much pertaining to this report, but I noticed it in one member's question to you; that is, to differentiate between air quality as it affects humans and the deterioration of their health and maybe these 5,800 and the problem with regard to air quality, as such, dealing with climate change. The two are not the same. Carbon dioxide is a greenhouse gas, yet vegetation wouldn't exist unless we had carbon dioxide.

You have Dr. Chan and Mr. Piché here with you. I don't know whether members of the committee would appreciate a differentiation between the two and where they cross over. I think it's really important for members of the Legislature to understand the distinctions so that we understand how policy may be made in the future with regard to these two different problems.

I don't know whether members would like to ask these two experts who are with us today or whether I should request a written document delineating the difference between the two and asking for the crossover. I just don't know what the schedules of the members of the committee are. What is your desire on that? Because I think it's a significant problem that citizens and legislators mix when they're thinking about air quality.

Mr. Kivisto: Mr. Chair, what if we just gave you a thumbnail sketch of the two? You're right, but I flow pretty freely between both and I may not have been disciplined in my articulation of circumstances. So I think Ed Piché would probably be a good person to do

that, as long as we can constrain him in terms of his desire to give you a full science. Greenhouse gases are—

Mr. Mauro: Sorry; before he begins, Mr. Chairman, I think, for our group, we're satisfied to receive a written document.

The Chair: Okay. Perhaps, then, Mr. Piché could give us a differentiation between the two problems and which gases, emissions and particles are causing the health problems and which are causing the climate change problems and where they cross over.

Mr. Kivisto: Do you want two pages or 20?

The Chair: Two.

Mr. Kivisto: All right. We'll undertake to help Mr. Piché craft a two-pager on the difference between air quality and climate change.

The Chair: As a last request, you mentioned 5,800 premature deaths caused by air quality.

Mr. Kivisto: Smog.

The Chair: Can you provide us with the background on that number?

Mr. Kivisto: What we can do is give you the report that was tabled last summer. That's not two pages, but you can find a section in there on that. We'll forward that to the committee.

The Chair: Thank you very much. I'll just ask the members of the committee to remain for a few minutes after the delegation is completed, and we'll talk about the report that we may write.

I'm sorry; the auditor did have one question he wanted to ask.

Mr. Jim McCarter: Just a very quick one. You mentioned that what was reported doesn't always reflect reality—it sounds like something an auditor would say—and that you felt that on-site inspection by competent people was necessary. I know with respect to the OnAir program, it's largely up to the polluters to publicly report where they were exceeding the limits. Is there on-site

inspection going on there to make sure that what they report reflects reality?

Mr. Kivisto: There's a difference between OnAir and our enforcement of air standards. OnAir is used to monitor trends and develop policy. It's helpful that way. We have an inspection program based on air quality standards that makes sure that people are meeting the standards.

Mr. McCarter: That would pick it up.

Mr. Kivisto: And we do cross-check in terms of our data and the federal government's to make sure that what's being reported makes sense. So it's not as if we just accept it without some questioning about ensuring that reports are reasonable in terms of the data we are tracking.

If I may, Mr. Chair, before we leave, I was listening to the radio the other morning, and I heard some comments about the Auditor General being caught in a predicament around his pension. I have had occasion to speak to him—

The Chair: Members of the Legislature don't have those problems.

Mr. McCarter: Are we still in camera?

Mr. Kivisto: I just wanted to make a comment here in front of you that Jim McCarter has done a fabulous job. He's a pleasure to work with. He's fair, he raises the right issues and he has a lot of value to the citizens of Ontario. It's never a pleasure to be here, but it's an important function, and he does it well. He's really improved the relationship and the acceptance of recommendations from the Auditor General between client ministries and his office. For that, I thank him.

Mr. McCarter: Thank you.

The Chair: Thank you very much.

The committee continued in closed session at 1119.





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STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 13 April 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 13 avril 2006

The committee met at 0949 in committee room 1, following a closed session.

2005 ANNUAL REPORT. AUDITOR GENERAL

MINISTRY OF GOVERNMENT SERVICES

Consideration of section 3.03, charitable gaming.

The Chair (Mr. Norman W. Sterling): Good morning. My name is Norm Sterling. I'm the Chair of the public accounts committee. Our normal procedure is to give the deputy minister an opportunity to make a statement and introduce the people who are sitting with her at the table. If other people come to the table to answer questions of the committee, perhaps you would introduce them at that time. I turn it over to you.

Ms. Michelle DiEmanuele: Thank you, Mr. Chair and members of the committee. My name is Michelle DiEmanuele and I am the deputy minister for the Ministry of Government Services. I'm pleased to be here today and have the opportunity to speak on the findings of the Auditor General as they relate to Alcohol and Gaming Commission activities in Ontario.

Joining me today is Robert Dowler, who is the assistant deputy minister in this area, and Jean Major, who is the chief executive officer of the Alcohol and Gaming Commission of Ontario. I have a brief statement to make, and then I would like Mr. Major to make a statement as well, as he deals with the day-to-day operational concerns of the commission.

Before I start, let me say in general that as deputy minister of the Ministry of Government Services, my senior management team and I take very seriously the recommendations of the Auditor General on this and any other recommendations or review he does. In other areas in the past we've had, I think, tremendous success in being able to respond to the Auditor General's reports, and in particular, most recently, reports in the area of the Office of the Registrar General, the human resources management area and the consumer protection area. I think these reports have served as important benchmarks in improving public services.

To that end, the government invests the Alcohol and Gaming Commission with significant authority to ensure the honesty and integrity of all aspects of commercial and charity casinos, slot operations at racetracks, and charitable gaming.

This is a fairly recent model. Ontario has not always operated under this current system. At one time, gambling was prohibited under the Criminal Code of Canada, leaving no role for the provinces.

In 1969, that changed after the Canadian Parliament amended the Criminal Code to allow provincial governments to operate lotteries. The following year, Ontario put in place a lottery licensing system that recognized the role of municipalities. Over the next few years, this approach was refined so that the province took responsibility for licensing lotteries offering larger prizes, while the municipalities were given authority over charitable gaming operations up to a certain value, which is currently \$5,500.

In 1993, provincial gaming saw a number of significant reforms. The Gaming Services Act was brought into force, requiring all goods and services suppliers to be registered with the Ministry of Consumer and Commercial Relations, which was a predecessor to the Ministry of Government Services. At the same time, the province's focus changed to concentrate on larger commercial operations.

In 1994, the Gaming Services Act was amended and its name was changed to the Gaming Control Act. This new act gave broader regulatory responsibilities to the newly created Ontario Gaming Control Commission.

Finally, in 1998, the Alcohol and Gaming Regulation and Public Protection Act combined the Gaming Control Commission with the Liquor Licence Board of Ontario to create the Alcohol and Gaming Commission of Ontario, bringing us up to the present day.

Today the AGCO is a quasi-judicial, arm's-length agency whose job is to ensure that casino and charitable gaming is conducted in the public interest by people with integrity, and in a manner that is socially and financially responsible. Accordingly, the ministry neither directs nor controls the commission's day-to-day operations. Rather, the ministry focuses on setting the commission's policy mandate and monitors it to ensure it fulfills the government's intended role that it has set out.

We do this in a number of ways, including a signed memorandum of understanding, a requirement to file business plans and annual reports and a regular set of update meetings between the assistant deputy minister and representatives of the commission or with myself or with the minister. However, even though the ministry has delegated appropriate authorities to the commission, we absolutely have accountability and share a responsibility with the AGCO and its partners for effective delivery.

The commission's role is to regulate the gaming industry in Ontario, and it is not responsible for issues, such as maximizing revenues or profitability—something that the Auditor General himself pointed out in his annual report.

However, the commission must also balance its regulatory responsibilities with charities' needs to have a flexible fundraising option with fewer administrative burdens to comply with regulation.

Just as we are making steady progress on improving public services and making them easier to access for the public in other areas, we must continue to do so in this area as well.

In fact, the commission has been making a concerted effort to modernize charitable gaming regulation in the province—something Mr. Major can speak about.

Generally, the ministry believes that the AGCO has been effective in meeting its regulatory objectives. But as a public service, we must continue to strengthen our practices and streamline where appropriate. The auditor's report provides valuable advice in this area and is proving to be very helpful in focusing our attention on other particular areas.

One key area for the ministry to review is the AGCO mandate and how it particularly relates to oversight, which was mentioned in the report.

The current division of power in regulating gaming in Ontario is intended to give municipalities a great deal of control over whether and how charities in their region raise money through lotteries. The underlying belief is that elected and accountable bodies such as municipal governments are in the best position to understand local interests and make decisions according to community needs. The order in council was written to reflect this belief. As a result, municipalities are given a strong role over how licences are issued and to whom.

The AGCO retains authority to set policy, ensure its consistent application and, if absolutely necessary, cancel a licence. These powers are consistent with a broader vision for the provincial government and its agencies in relation to municipal governments, which is to delegate authority while retaining a failsafe role. That is to say that while the province delegates authority to municipal councils, it retains the power to overturn a decision in extraordinary circumstances.

For example, under the Health Protection and Promotion Act and the Building Code Act, the province gives considerable public safety powers to municipalities, giving them significant authority over building code or public health issues. But in both cases, the province retains the power to override decisions.

In these cases, as with the AGCO, the province can overturn a decision made by the local council, but it has no ability to take action against the body that issued the licence; namely, the municipal government.

For its part, the ministry recognizes—and I just want to repeat—the ministry does recognize that the order in council needs to be reviewed and will be doing so.

In fact, we have a draft terms of reference today that we'd like to circulate for the committee's information and we hope we'll have some further discussion on this point. The ministry will also be sharing this draft terms of reference with municipalities in the next short while.

Mr. Major will speak to the recommendations related to day-to-day operations, as were pointed out in the auditor's report. But let me state again that we take these recommendations very seriously and have begun to work with the commission to implement them. We're also looking forward to continuing our work with municipalities and will move forward on improving the charitable gaming regulation with an eye always to balancing effective regulation with charities' needs to having a flexible fundraising option with fewer administrative burdens.

Before turning it over to Mr. Major, if I can have the indulgence of the Chair, I would just like to thank Mr. McCarter for his years of service to the people of Ontario and specifically to thank him for his two years of service with me as the Deputy Minister of Government Services. We've definitely benefited from his support. He's an outstanding public servant, so thank you.

Mr. Jean Major: Mr. Chair, members of the committee, my name is Jean Major. I am the chief executive officer of the Alcohol and Gaming Commission of Ontario. I am pleased to be here today to discuss the Auditor General's report and to comment on the progress we've made in implementing some of his recommendations.

As the deputy has already touched on, the regulatory structure currently in place for charitable gaming is both complex and unique. The authority to allow charities to fundraise through lottery events emanates from the Criminal Code of Canada, and in Ontario the authority to license lottery events is granted through an order in council. Eligibility criteria for licensing are established based on common law principles and are outlined in some detail in our lottery licensing policy manual. Terms and conditions govern the conduct of lottery events, and they are important because they establish the rules of the lottery scheme. They also outline the responsibilities of the charity and the reporting requirements necessary to ensure accountability in the system.

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Unlike other jurisdictions in Canada, Ontario delegates authority to municipal councils to issue lottery licences. Since 1969, when charitable lotteries were first allowed, municipalities have issued the vast majority of these licences.

An added check and balance to the regulatory system in Ontario is the requirement for the commercial sector, which provides goods and services to charities, to be both registered and regulated. This is accomplished through the Gaming Control Act, which is provincial legislation administered by the AGCO.

So essentially we have two distinct yet complementary approaches which regulate the charitable gaming industry in Ontario. We have the issuance of licences to charities to conduct lottery events, 95% of which are issued and regulated by municipalities, and we have the registration and regulation of the commercial sector, bingo hall owners being an example, administered by the AGCO through the Gaming Control Act.

Over the last decade, many changes have been made to our policies and terms and conditions. However, much of the foundation of the current regulatory framework was developed in the early 1990s, when market conditions were very different than today's. Clearly, the industry has been struggling over the last few years, and for a variety of reasons. This is why in November 2004 we initiated a complete review of this framework with a view to modernize the charitable gaming industry.

We started our review by consulting with the industry, fundamentally asking them the basic question, "What can we change in our regulations and policies that will help the industry thrive without compromising our regulatory objectives?" The response was tremendous, and a significant number of ideas were exchanged.

Using this feedback, we developed a document called Directions and Priorities for the Modernization of Charitable Gaming, which maps out a plan to tackle the changes identified.

One of our goals was to find ways to reduce the regulatory burden and to provide more flexibility to the charities, while at the same time maintaining high standards of accountability, honesty and integrity within the industry. Recognizing that charities are largely volunteerbased, it is also very important to ensure that charity volunteers would be able to meet any administrative or reporting requirements we'd impose. Finding the right balance between these types of competing interests and priorities is not easy.

Our plan is strongly supported by the industry, and we have begun to deliver on a number of these priorities. For example, an interim revenue and expense model for the bingo industry was approved earlier this year to provide short-term relief for this sector. We have also conducted training sessions for our municipal partners on the updated policy manual, which was sent to all municipalities in the spring of 2005. There are many other examples. I would like, however, to discuss the report's findings with you and describe how the modernization initiative can assist us in implementing these recommendations.

We do appreciate the comments in the report identifying those areas where the AGCO was found to be performing well. For example, the Auditor General found that the standards, criteria and regulations established for the commercial sector under the act were sufficient to ensure the honesty and integrity of the industry. Although our upfront processes are working well, we recognize that improvements can be made in how we follow up with registrants to ensure they are in compliance with the terms of their registration.

Let me briefly touch on some of the operational points that were identified in the report and highlight some of our accomplishments.

First, we have developed a formalized file management system where core documents of charitable li-

censees are housed in order to assist us to more critically assess the eligibility of organizations, as recommended in the report.

A corporate risk-based enforcement strategy which will better utilize our resources in this area has been developed. The strategy is being implemented in phases. Our initial focus is on the Liquor Licence Act, and we expect to have charitable gaming enforcement fully integrated into this strategy by the end of the year.

We have also taken several steps to address deficiencies regarding how information technology projects have been managed. We have established terms of reference with ministry internal audit to involve them in the development of the new lottery system to ensure we are complying with government directives.

We are working on establishing more meaningful performance measures to better assess our operations.

We have also introduced audit requirements with manufacturers of break-open tickets to verify that the proper amounts are being collected for the provincial fee.

Finally, as I mentioned, many of the Auditor General's other recommendations have been or are being addressed through the modernization initiative, some through the recent training session on the policy manual, where over 65% of the municipalities participated. These sessions provided information on our modernization initiatives and also served as a forum for the AGCO to address a number of the report's recommendations. For example, we were able to reinforce the need for municipalities to verify the validity of registrations for service providers being used by charitable licensees. We were also able to provide information to municipalities on methods they could use to ensure that charities that receive proceeds from bingo sponsors' associations are used for approved purposes.

Although much progress has been made, there is still much more to be done. Through the modernization initiative, we will continue to work with our industry stakeholders to ensure that concerns raised in the report are addressed. Longer-term initiatives such as developing an industry-wide compliance strategy, delivering more effective and more frequent education programs to support our municipal partners, and developing internal procedures to more effectively administer the registration program will all be implemented by the end of this year. We also continue to work with the Association of Municipal Managers, Clerks and Treasurers of Ontario to discuss innovative ways of providing educational programs and on information-sharing initiatives.

I would like to thank the Auditor General for his recommendations. The report will assist us in making our operations more efficient. The improvements will help us fulfill our goal of enhancing honesty and integrity in the industry, and at the same time provide opportunities for charities to raise funds through the conduct of lottery events.

The Chair: Does Mr. Dowler have anything to say?

Ms. DiEmanuele: Not yet.

Mr. Rob Dowler: Just that the remarks of my colleagues and the deputy are available. If committee

members would benefit from those being distributed, we're happy to do that.

The Chair: Thank you. Mr. Zimmer, you have asked—

Mr. David Zimmer (Willowdale): Yes. Let me get to the core of my concerns here. At page 1, the whole idea of the—

Mr. Peter Kormos (Niagara Centre): Page 1 of what part? The auditor's—

Mr. Zimmer: Yes, under the paragraph "Main Audit Points."

The Chair: This is a document that you don't have. It's what the researcher has prepared for us.

Mr. Zimmer: The whole concept of the lotteries is to get monies into charities so they can do good things for the province. So everybody has an interest in maximizing the monies that the charities get that they are going to use for good projects in Ontario. That's the fundamental reason we are in the lottery business.

The auditor says the following, and this goes to the oversight issue: "Senior management at the commission did not believe it has the legislative authority to oversee municipal licensing activities and, therefore, had not established any processes for doing so."

What's the basis for that feeling, that you had no responsibility to oversee?

Mr. Dowler: Maybe I can start, and then Mr. Major may have additional comments.

The order in council, which the deputy indicated in her remarks we will be reviewing over the coming year, does set out the relationship between the alcohol and gaming commission and the province, as well as between the alcohol and gaming commission and municipalities. While the document clearly gives the AGCO and the director at the AGCO the ability to prescribe the form of certain documents that municipalities use in their licensing activities, it doesn't actually set up a regulatory regime between the AGCO and the municipality like we would have in the Consumer Protection Act or some of the other statutes that our ministry would be familiar with. For example, there aren't investigative powers provided to the alcohol and gaming commission authorities. They don't have the ability to require the production of books and records from municipalities without a search warrant. They don't have the-

Mr. Zimmer: So there's no oversight?

Mr. Dowler: There is oversight. Certainly, many of the things that are referred to in the Auditor General's report are areas where I think the current OIC would suggest there is a role to be played, and the AGCO has been increasing its role. Municipal training, for example: Clearly there is a relationship there. The lottery licensing policy manual that Mr. Major referred to in his remarks has been refreshed and provided to municipalities. Training sessions have—

Mr. Zimmer: In your opinion, the way things are presently operating, is there adequate oversight of lottery operations?

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Mr. Dowler: I think our response to the member's question would be that there are many areas of the auditor's report where we think we can do better. The AGCO has increased its activity, especially in regard to municipal training and in regard to the ground rules, the running rules that are supplied to municipalities. The lottery licensing policy manual is an example of that. More steps have been taken to improve the rules.

I think this is really the central question behind review of the order in council. In terms of whether we set up the AGCO to actually be an inspector or an auditor of municipalities, that's really a question where we're going to have to look at the advice and the recommendations of the Auditor General, and we're going to have to look at the extent to which municipalities have controls within their own operations that would go to that direction.

Mr. Zimmer: Whenever there's some oversight regime set up, that oversight is guarding against certain mischief. What do you think the principal mischief is that the oversight of lotteries should sort of drill in at? What principal mischief has to be addressed in the oversight regime? And I'm using "mischief" in the technical, legal sense.

Mr. Dowler: From a provincial policy perspective, the Gaming Control Act would want to ensure that charitable gaming is operated with honesty and integrity, and the Criminal Code, the federal guiding legislation, would want to ensure that bona fide charities are making use of the proceeds. These are charities as defined in section 1 of the Criminal Code. Those are the two main focal points.

Mr. Zimmer: Do you have any sense of what sort of detail or things may be going on that ought not be going on, other than that general statement?

Mr. Dowler: I think that would be a question for the enforcement authority, which would be Mr. Major.

Mr. Zimmer: I'm interested now in actual things that you think enforcement should be looking at.

Mr. Major: One of the things that's important to emphasize is that from the get-go in 1969, there was a deliberate public policy decision to decentralize the regulation of charitable gaming. So we have 445 municipalities, and for the lottery licensing component of it, we in effect have 445 regulators to issue licences. In 1993, there was a deliberate decision by the provincial government at the time to move and focus our energies on the commercial sector and regulate it in that way.

The primary areas that we investigate in enforcement are related to fraud or theft—misuse of lottery funds, as an example. Approximately 90% of the investigations that we conduct at the provincial level are matters that are referred to us or where we're asked for assistance by municipalities.

Mr. Zimmer: Do you have any sense, in this vast lottery regime, of the size of this problem?

Mr. Major: In the last two years, we investigated or had 25 complaints of misuse of lottery funds.

Mr. Zimmer: There are, what, 43,000 lotteries going on in the province?

Mr. Major: Approximately, yes.

Mr. Zimmer: There's a lot of opportunity for mischief there.

Mr. Major: There is, but there is a fairly sophisticated oversight regulatory structure in place, both at the municipal level and at the provincial level, where we control and regulate the operators. So it's fairly tight because we—

Mr. Zimmer: But I thought the whole thing was that there wasn't enough oversight of the municipalities, if you will, because you've delegated this down to the municipal level and that's where the mischief is. So who makes sure that the municipalities are minding the store?

Mr. Major: The municipal councils by themselves are responsible to make sure that they're administering their program properly. They're accountable, whether it be under the Municipal Act or other legislation, to make sure that they're complying with provincial requirements.

Mr. Zimmer: I understand that one of the principal mischiefs is this business of the direct costs of lotteries the operator can charge off for operating the lottery, but the operator ought not to move those funds over to his

general overhead costs. Is that right?

Mr. Major: One of the things that's important to understand in charitable gaming is that the charities are legally responsible for managing and conducting the event. The bingo hall owner does not pay the charity, the manufacturer of the break-open tickets does not pay the charity; it's the other way around, and that's a requirement of the Criminal Code. Charities have to manage and conduct the event. They pay the supplier.

Mr. Zimmer: But they're only to deduct their direct cost of the lottery operation from the lottery proceeds. Is

that correct?

Mr. Major: That's correct.

Mr. Zimmer: I understand, or I'm led to believe, that the real mischief is charging other indirect costs, if you will, and collecting those indirect costs from the lottery proceeds. So that money is not going to the charities. Is that a principal mischief?

Mr. Major: It could be, but we have no evidence of

that kind of activity.

Mr. Zimmer: Why don't you? Do you have evidence that it's not going on or do you just not have any evi-

dence as to what's going on?

Mr. Major: No. We audit the hall owners in terms of what they receive. Municipalities receive lottery reports in terms of how much money was raised at a particular bingo event and what was deducted from that. That money has to go into the bank account of the charity and be used for charitable purposes.

Mr. Zimmer: You think there are about 25 situations that have been investigated. Do you have any sense of how many situations municipalities have investigated?

Mr. Major: No, I don't.

Mr. Zimmer: Do you have any anecdotal sense of how many situations municipalities investigate? You do 25; do they do in the order of 100 or 1,000 or 20?

Mr. Major: It's difficult to speculate. I know that the Auditor General identified a couple of examples where municipalities ordered audits and found misuse of funds.

Mr. Zimmer: Do you have a sense of how many of those audits the municipalities have—

Mr. Major: No, I don't.

Mr. Zimmer: How many municipalities have you delegated?

Mr. Major: The delegation is issued to all municipal councils.

Mr. Zimmer: All municipalities in Ontario, and all we know is that we have 25 complaints that have been investigated in this vast scheme?

Mr. Major: That's correct.

Mr. Zimmer: Thank you.

Mrs. Liz Sandals (Guelph-Wellington): As some-body who comes from local governance, it seems to me that this whole issue around municipal responsibility is the structure that we see in all sorts of things—the Education Act, the Municipal Act and various acts—where once the authority is assigned to the municipality, absent some evidence that the municipality or the school board is misbehaving, as it were, the province has set up the regulatory structure, but then it's up to that lower-tier government to carry out the responsibility that has been assigned to them. Am I reading this legislative relationship correctly?

Mr. Major: Yes.

Mrs. Sandals: So this would be no different than—I don't know—municipalities being responsible for municipal roads and you don't have the province second-guessing whether the municipality correctly fixed the

bridge. Is it that same sort of relationship?

Mr. Dowler: I think that's a reasonable way of characterizing the current order in council. The deputy, in her remarks, referred to the Building Code Act. It is the responsibility of every municipality to do inspections and to issue building permits. The standards are set by the province, much like Mr. Major's organization would set the lottery licence policy manual. Those standards are set by the province. In the Building Code Act, there is a fail-safe role for the province. In the case of a dire circumstance where something really goes wrong, the province could step in and review a particular file. But the province doesn't have the ability to basically pull a municipality's ticket like they would with a licensee. A similar kind of regime exists in the case of the current order in council.

Mrs. Sandals: However, I take it, then, that there's some agreement between the AGCO and the auditor that where the AGCO should be taking responsibility, or can at least be supportive, is around the whole area of policy manuals and training. I wonder if you could provide us with some sort of more detailed update on what you've done recently in response to the auditor's report in that respect.

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Mr. Major: Good question. We have updated the lottery policy manual. It's a fairly extensive document.

It's a guide for municipal councils on how to assess the eligibility of a charity, what's an appropriate use of proceeds and what kind of processes they should put in place when issuing a lottery licence. We conducted 10 fairly extensive training sessions with the Association of Municipal Clerks and Treasurers and we received feedback forms from them rating the seminar. We have a variety of municipalities-

Mrs. Sandals: If you had 10 sessions, I presume that different people came to each session. So how many

municipalities would that have reached?

Mr. Major: About 65% of them. Of those, we have municipalities that are very engaged and very sophisticated in their lottery licensing program-Toronto, Windsor, Ottawa—and they issue a large volume of licences. You have other municipalities that may issue one or two licences a month. So we have to gear our training programs to meet the various needs.

In addition to those sessions, we also do one-on-one training sessions with municipalities and charities. We've conducted about 32 of those in the last two years. Last year, we did 10 of the larger training sessions plus eight individual sessions, where we go up and talk to the municipal clerks or the municipal council, and invite the charities as well, to explain roles and responsibilities. In addition, we are in the process of developing a compliance strategy, which is a guide to assist municipalities in the compliance area to make sure the charities are following the rules.

We met with the AMCTO in January to discuss different ways of getting to the municipalities and getting the information they need. That kind of support function is what we're focusing more on. We've done it a lot in the last several years, but I think we can do better and

Mrs. Sandals: I'll come back later with some more questions when you go around again.

The Chair: Okay, sure.

Mr. Kormos, do you have some questions?

Mr. Kormos: I want to thank Mr. David McIver for the valuable package of material. It's very helpful to us. Make sure Hansard got that: David McIver for the very valuable material that he produced for us. We appreciate

I want to join others in thanking Jim McCarter, the auditor, for his incredible service. Inevitably, the auditor is more delightful to members of the opposition than he is to members of government, but that's the nature of the

Mr. Richard Patten (Ottawa Centre): No, no, not at all.

Mr. Kormos: What goes around comes around, and just as some of the Liberals here had the opportunity as opposition members to delight in the auditor's reports, I'm confident that other Liberal members will, at some point in their careers, have an opportunity to delight in the auditor's reports. I do want to thank the auditor. Thank you, folks.

Just anecdotally, let's talk about bingos for a bit, because bingos are the big cash industry, right? It's a

tough one in terms of keeping track of the numbers, isn't

Mr. Major: It is cash-intensive, yes.

Mr. Kormos: Just anecdotally, my sense is that folks who go to bingos like where I come from down in Welland don't say, "Let's go to bingo tonight because the money's going to Big Brothers." They go to bingo to play bingo, huh?

Mr. Major: I think that's fair, yes.

Mr. Kormos: So then what incentive is there for municipalities to proactively supervise, as compared to reactively in terms of responding to complaints from let's say a member of the board of Big Brothers who says, "Hey, we're getting stiffed. I volunteered that night, and that smoke-filled joint was full of daubers"? As compared to being reactive, what incentive is there for a municipality to be proactive?

Mr. Major: From my experience and discussions with municipal councils, they are very passionate about making sure that charities make as much money as possible. It's beneficial for their communities, and they want to make sure that the money that's supposed to go to them actually goes to the right places because, at the

end of the day, it's in their best interests.

Mr. Kormos: In the breakdown, 5,500 bucks is the cut-off point for municipal licensing, and from that flows supervision?

Mr. Major: That's correct.

Mr. Kormos: Over \$5,500, provincial licensing and provincial supervision?

Mr. Major: That's correct.

Mr. Kormos: Which implies that there's no provincial supervision of payouts of under \$5,500?

Mr. Major: Whoever issues the licence is responsible.

Mr. Kormos: Gotcha. Is responsible or has the capacity?

Mr. Major: Is responsible.

Mr. Kormos: But not necessarily having the capacity?

Mr. Major: No, but that's when they would ask us for assistance, and we either provide it in the form of training or compliance and enforcement.

Mr. Kormos: Sure. When the \$5,500 cut-off point was created, was the consideration the prospect of a revenue source for municipalities or were there other issues as well?

Mr. Major: There was a very complex—you may recall, in the early 1990s-

Mr. Kormos: Oh, I do.

Mr. Major: I know you do. There was a document called Putting the Charities Back in the Driver's Seat that led to the more substantive reforms of charitable gaming in the history of Ontario, and that's the framework that we're reviewing now, once again. There was a process of refunds of provincial licences. Municipalities were only permitted to issue licences up to \$3,500, and the province had a complicated formula of providing rebates back to municipalities for a portion of the fees. The strategy was that we would increase the level of authority for municipalities from \$3,500 to \$5,500. At that time, anything over \$5,500, as it is today, would be considered what they call a special bingo or a monster bingo. In exchange for that, we would stop providing the refunds to municipalities.

The context back in the early 1990s was very different than today. Bingo was booming, and you may recall as well, there was a moratorium in place. We had over—

Mr. Kormos: I'm Catholic. I know bingo from my earliest days.

Interjection: During catechism.

Mr. Kormos: During catechism, yes.

Mr. Major: The bingo industry moved from the church basement, where it was in the 1960s and 1970s, into a commercial operation. At this time in the early 1990s, there was no regulation of the bingo hall owner and, while there was a legitimate role for them to play, they grew substantially. This is when the whole thrust of putting charities back in the driver's seat was to get hold of the commercial operators to make sure that the rules were followed and that the charities were optimizing their profits.

Mr. Kormos: Of course, this was all in the context of the aggressive development of state gaming here in the province of Ontario.

Mr. Major: The government didn't start until 1993. That was the first casino.

Mr. Kormos: I remember that well, too. But this is all in the context of major state-sponsored casino gaming.

Mr. Major: Actually, the framework was developed without the knowledge that there were going to be casinos at the time in the early 1990s; at least not to my knowledge.

Mr. Kormos: I beg to differ. Floyd Laughren had a

far different perspective.

The other interesting comment you made was that charities are required to run the event. They pay the supplier. That's exactly where this contentious legal opinion comes from in terms of the legality of the province's casinos, isn't it, in terms of whether or not it's the province of Ontario that should be running the casinos? You're familiar with the various legal opinions that have been rendered?

Mr. Major: Yes, I am.

Mr. Kormos: Is that the premise that those legal opinions are based on?

Mr. Major: I'm not going to get into manage and conduct of the OLGC issue, but the manage and conduct issue is the same for both: The Criminal Code requires that the province manage and conduct; the Criminal Code also requires that the charities manage and conduct.

Mr. Kormos: And must be questioned, of course, at the provincial casino level as to whether the province is really managing and conducting.

Mr. Major: That's my understanding, yes.

Mr. Kormos: Do we regulate what the—I found the phrase in the gaming commission's material—prize board is for bingos?

Mr. Major: The order in council sets maximums only. It's up to municipal councils to set lower limits if they wish, but ultimately the charities are the ones that determine what prize board they want to give out within those limits.

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Mr. Kormos: So we have no authority or control over, let's say, setting the minimum prize board?

Mr. Major: The municipalities have the authority to do so, if they want to pass a bylaw and do so, but they can't go over \$5,500.

Mr. Kormos: Does the province regulate the minimum prize board for provincially regulated and licensed charity gaming?

Mr. Major: On the bingo side, I'd say 99% [inaudible].

Mr. Kormos: Do we regulate it?

Mr. Major: Yes, in terms of [inaudible].

Mr. Kormos: But we set the minimum prize board.

Mr. Major: Well, it's 50-50, so it's-

Mr. Kormos: Okay, 50-50 in terms of net revenues.

Mr. Major: Right.

Mr. Kormos: What about the big-ticket raffles? I confess, I buy those. The fancy brochures, the concept—the prospect of a Porsche Boxster being parked in parking spot 120 for me is worth 100 bucks.

Interjection.

Mr. Kormos: You should. The CNIB, the Heart and Stroke, the Princess Margaret: Those are licensed by the province.

Mr. Major: The larger ones; anything over \$50,000.

Mr. Kormos: Does the province set minimum prize payouts in those raffles?

Mr. Major: No, we don't.

Mr. Kormos: Do we control or regulate how much the charitable beneficiary—the hospital, the foundation—has to receive?

Mr. Major: No, we don't.

Mr. Kormos: Then help us a little bit because, as I say, I just spent 100 bucks on a CNIB ticket. You get filings from these operators?

Mr. Major: That's correct, and audits.

Mr. Kormos: And the CNIB would hire a commercial company to run the raffle?

Mr. Major: Some do, yes.

Mr. Kormos: What kind of percentage of total revenues ends up being allocated for the CNIB, for instance—not the CNIB specifically. Princess Margaret or Heart and Stroke or the Red Cross is another one. Give us an example. Tell us what some of the percentages of the total revenues are that end up going to the charitable organization.

Mr. Major: Of the gross revenues, it would range anywhere between 30% and 50%. Of your \$100 ticket, half of that would actually end up in the charity's pocket. The rest goes to prizes, which ranges between 40% and 50%, and expenses, which generally range around 10%

or 15%.

Mr. Kormos: I'm looking at the Michigan Lottery's charitable gaming division annual report for 2004, which Mr. McIver provided us with. In reference to large raffle revenue, their report indicates—first of all, they say that raffles vield the highest margin of profit: net profit of 52%, prizes 39% and expenses 9%. I should tell you that in terms of bingos, their percentages are pretty similar to the total estimates. Of the total—and it isn't broken down in the material we have here, at least not so far as I can find it—of money, wages and charitable gaming, 14.95% is proceeds to charitable organizations, approximately 13% is payments to goods and services providers and 1% or 2% for licensing fees, which gives you a prize payout of around 70%, which is pretty significant. That's the pie chart we've got here. That's consistent with bingo revenue in Michigan, right?

Mr. Major: Right.

Mr. Kormos: But it's a little bit at odds with what you tell us in terms of the big-raffle revenue?

Mr. Patten: It's a different deal.

Mr. Kormos: Please. It's a little bit at odds with the

big-raffle revenue reported by Michigan.

Mr. Major: It is. Let me touch on the bingo. There's a problem with the prize structure, the prize board in bingo. I think that a prize payout of 77% or 73% is too high, compared to other forms of lottery product. It doesn't leave enough of a margin of profit for the charity or to pay for expenses. Typically, what we'd like to move the industry towards is a 65% prize payout. It's an issue of great consternation within the industry, believe me, which is why, on the bingo side, the municipal licences tend to be more fixed-prize board. That means, if you get a bingo licence for \$5,500, whether one person shows up that night or 500, you're giving away \$5,500. The provincial games, which are share-the-wealth, share-the-risk as well, so you get half of whatever is there; if one person shows up, the prize board is only half of what they put into it.

The ideal, and this is something that I have been working on since early 1990, is to have the entire prize board on a share-the-wealth concept, but it's a very controversial issue within the industry. There's not a lot of support for that, but we're nudging the industry towards that particular direction, because ultimately, in the long term, it's in the best interest of the charities.

The raffles are structured very differently. There are approximately 13 mega-raffles; this is over \$50,000. We spend a lot of time going through the details of the lottery proposal, and there are some very, very successful ones. I know that CHEO, the Children's Hospital of Eastern Ontario, ran some very successful ones and probably was one of the earlier pioneers.

There have also been some tragedies. There have been some charities that, against our advice that "You're going to have some difficulties here because you're running against major competition," or "We don't think your structure is proper," have insisted on moving along, and they've suffered some significant losses. Thankfully, those are very few. From a percentage basis, the mega-

raffles are more profitable for charities than bingo or break-open tickets. You're looking at 10% to 14% or 10% to 15% for charities, versus the mega-raffle, where you're looking at up to 50%.

Mr. Kormos: That takes me to solvency requirements. Do you grant a licence to an organization which may not be capable? And how do you test the capacity

for paying out the prizes?

Mr. Major: For any prizes over \$10,000, we require a letter of credit. We're there to make sure that the charity succeeds, but there's also a consumer protection aspect. As a consumer of that \$100 ticket, you have an expectation of making sure that the Porsche Boxster is available if you do win that ticket. If the charity cannot meet its obligations, if they didn't make the sales, it's then up to the regulator to fulfill that contractual obligation, which is effectively what you have when you buy a raffle ticket—I don't believe we've ever had to do this—tó cash in that letter of credit or that security to make sure that consumers get the prizes that they were promised.

Mr. Kormos: Again, just anecdotally, the days are long gone when the local Lions Club could raffle off a 19-inch television set. That type of prize level just doesn't seem to have panache. I think I know the reason why. I'm from down in Welland. Have you been able to identify regional differences in revenue? Because, for the life of me, I can't help but believe that if people can drive 15 minutes to Casino Niagara and have a crack at the promoted big prize, why should they bother buying the Lions Club raffle ticket when that's—

Mr. Patten: The odds are better.

Mr. Kormos: Richard, if people reflected on odds, nobody would be gambling. It's the biggest scam in the world. But I ask you, are there regional differences in revenues based, amongst other things, on proximity to casinos?

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Mr. Major: Certainly I think with bingo there is, because you're probably looking at the same patron base. On raffles, my experience is that if there's a trend that's bucking in charitable gaming, it's raffles—the mega raffles, at least. They're increasingly successful and they're very profitable. But there are very few charities that have the built-in sophistication to manage them, or the resources to make sure that they're successful. There is still a market niche for your small, local Lions Club, if you wish, raffle. I think those will continue no matter how many casinos you have in Ontario because there's a connection that's made between the purchaser and the community benefit or the community charity. They don't raise a lot of money and they're licensed by the municipalities, but I think those will continue and survive.

Mr. Kormos: I did a rough calculation, based on the 2004 Ontario census, that for every resident of Ontario over the age of 15, based on the total wagered of \$1.643 billion in charity gaming, that's 160 bucks a year. I hope my math isn't—the auditor will jump on it just like that. That's 160 bucks a year for every resident of Ontario over the age of 15 on charity gaming alone. I don't have

the numbers; how does that compare to the per resident amount spent in casinos and charity casinos and slots? Do you know?

Mr. Major: I don't know that number offhand, no. **Mr. Kormos:** I wonder if you could get that for us.

In your December 2005 report, Modernization of Charitable Gaming, and the earlier consultation document, you talk about advertising and the need to—again, to be fair, you're speaking in this instance solely with respect to charitable gaming—promote charitable gaming, promoting gambling. How do you do that in the context of maintaining the social responsibility that I know you're committed to—let's say governmental responsibility?

Mr. Major: That's a good question. First of all, the AGCO does not advertise or promote; we strictly regulate. What we're trying to do through these rules is provide parameters to the charities on how they can promote their own lottery events. And you're quite correct: Part of our mandate is to ensure that we regulate with social responsibility. So we would look at making sure that they don't target advertising to kids by using celebrities, for example; that they don't target or promote that their lotteries will somehow improve your lifestyle, that you could be a rich person if you buy a break-open ticket. I don't think anybody has grand views within the charitable gaming industry that people will retire by playing bingo. It's just a perception from my perspective that many view charitable gaming, particularly bingo and break-open tickets, which are the mainstay of charities, as a rather benign form of gaming. What we're trying to do here is to see whether or not the rules with respect to advertising could be clarified to assist the charities in promoting their products better.

Mr. Kormos: I don't agree with the "benign" part about bingo gambling, because it's been pretty disastrous for a whole lot of folks and a whole lot of families.

But you do tolerate, apparently, glossy lifestyle-enhancement advertising when it comes to provincial lotteries. I've seen the brochures, I've seen the television ads. It's the "Freedom 55" sort of concept. And you don't even use North American cars; you use Italian-made Ferraris and Porsche Boxsters instead of good old Corvettes and Lincoln Town Cars. Why is that tolerated with respect to provincial lotteries when you say you won't accept it with respect to charitable gaming, but you tolerate lifestyle enhancement ads?

Mr. Major: No. We don't regulate provincial lotteries; we regulate provincial casinos but not lottery products.

Mr. Kormos: What do you think about the province's lifestyle-enhancement ads?

The Chair: You know, in fairness, the Alcohol and Gaming Commission—

Mr. Kormos: These people are experts.

The Chair: Okay, but I think we're getting a little bit beyond where we—

Mr. Kormos: Let's leave it at this: What do you think, then? You don't approve of lifestyle-enhancement ads for charity gaming. Why not?

Mr. Major: Because the gaming industry is intended to be entertainment and is not intended to be a retirement plan. We do regulate commercial advertising for the casinos in that same way.

Mr. Kormos: You're then basing that on the proposition that lifestyle-enhancement advertising is contrary to the premise of being socially responsible and governmentally responsible?

Mr. Major: In the Gaming Control Act, the regulations specifically outline limitations on advertising. That is one of them, so it's part of the—

Mr. Kormos: It's part of the responsibility?

Mr. Major: Yes, it is. Mr. Kormos: Okay.

The Chair: Could I just ask a couple questions here?
Mr. Bill Mauro (Thunder Bay-Atikokan): The clock's ticking, Mr. Chair.

The Chair: Yes, I know.

In terms of the resources of the Alcohol and Gaming Commission, how many people are involved in this particular section of it? When we're talking about charitable gaming, I think about two big pies: One is the Point Edwards- and the Gananoque-type charitable casino. Excluding that and talking about really what is included in the auditor's report here, how many people are involved in the commission in that endeavour?

Mr. Major: From the licensing perspective, we have six lottery licensing officers and a manager. From an inspection and investigation perspective, that responsibility is shared between the liquor side and the charitable gaming side. A lot of our liquor inspectors will take up enforcement. I would say from an FTE perspective, we're looking at about 10 to 14 individuals on enforcement and six on licensing.

The Chair: The revenues that you gain each year out of this side for licensing would be how much?

Mr. Major: Approximately \$11 million.
The Chair: And you have a dozen people?

Mr. Major: Approximately 12 to 15.

The Chair: At the municipal level, do you have the right to ask a municipality, "How many licences are you issuing, what is your revenue, and what are you spending on the licensing and oversight area?" Do you have the authority to ask the municipalities those questions?

Mr. Major: I think we can certainly ask, and we have asked, how many licences they've issued. The question is whether or not we can compel them if they refuse to tell us, and I don't believe we can.

The Chair: So you can't tell whether a municipality—you mentioned Windsor, Ottawa and Toronto as having essentially good organizations with regard to their licensing and oversight functions. You can't ask every municipality what they're spending and what they're collecting with regard to charitable gaming?

Mr. Major: Again, I'd say yes, we can ask, but I

don't think we can force them to tell us.

Mr. Kormos: Does that mean that you have no power to inspect the records of a municipality in terms of the licences issued?

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Mr. Major: For the licences that they've issued? I don't believe we do.

The Chair: I guess the other follow-up would be this: If a charity doesn't feel that they've been treated fairly at the municipal level, what avenues do they have to appeal? Their point on the roster as to whether they get into a bingo hall or get chosen for a licence—do they have any appeal mechanism?

Mr. Major: There is no formal appeal mechanism in the order in council. In the municipality, if it's the licensing authority, the authority stops at the municipal council itself, so if they wanted to appeal—and I use that term loosely because it would be an informal request—it would be to their municipal council. It does happen on occasion that a municipality will come directly to the province, but we wouldn't interfere or intervene. We may ask the municipality if they want our assistance, but we certainly would not overturn their decision.

The Chair: Given this sort of, it seems almost like a fuzzy relationship between the Alcohol and Gaming Commission and the licensing authorities at the municipal level, does the draft order in council, which you're sharing with the committee today, address that particular issue?

Mr. Dowler: The terms of reference, which I'll ask staff to distribute to members of the committee, with your permission, Mr. Chairman, is quite general in nature, but it is intended to respond to each of the recommendations of the Provincial Auditor with respect to municipal oversight.

The Chair: But does it give power to the commission to ask, demand and investigate if in fact there's something wrong at the municipal level?

Mr. Dowler: Just to be clear, the terms of reference are for a review of the existing OIC. The question as to whether or not that sort of authority should be provided is something that the terms of reference would require us to look at. That review would be conducted between now and fiscal year-end.

The Chair: This is not a draft order in council; this is just a terms of reference to look into something.

Mr. Dowler: That's correct. What will be distributed to members is the existing order in council with the terms of reference for a review, which my division will conduct in conjunction with municipalities and the AGCO over the balance of the current fiscal year.

The Chair: What kind of order in council would be necessary to have in order for us to ensure that an operator or a charity out there would, number one, feel that they were not being ripped off, and that if a municipality was being lax in enforcing their licensing regime, the province or the gaming commission would step in? What kind of a regulation or structure would be necessary in order to reach that goal?

Mr. Dowler: That's one of the issues that we will want to be looking at over the coming year, but there would certainly be additional authorities required in the order in council. In order to act on a complaint like that,

the AGCO would require investigative authorities, so they would need to be able to require the production of books and records for the purposes of ascertaining whether the complaint was founded or not.

Whether we could supply that in order in council or whether that would require an amendment to the Gaming Control Act—I would think it would likely require a statutory amendment, because you are basically suspending certain privacy rights and things of that nature.

In addition, as I mentioned earlier, the ability to suspend or revoke a municipality's authority to issue a licence is a fairly significant power. I don't know that that's something in law that we could delegate through order in council. It would likely require us to go back and look at the Gaming Control Act to see if we've given the director under that statute sufficient authority to act.

I think the broader policy question is, to what extent can we rely on the checks and balances that are supplied in the Municipal Act and in municipal legislation? Municipalities are duly elected. They do have to get an external audit done each year by a chartered accountant. Most of the larger ones do have internal audit functions. To what extent do we want to recreate those functions in the AGCO, because they would require taxpayers' monies to be expended in pursuing that goal? That's the policy question. I think the auditor has given us a good perspective on that, and we want to make sure that we follow up responsibly.

The Chair: The Alcohol and Gaming Commission has a quasi-judicial body already set up to deal with licensing of alcohol in this province. I presume that the commission could also deal with licensing matters in terms of appeals or in terms of gaming.

Mr. Dowler: It's possible. Again, that might require a statutory amendment. I don't know if that's something we would look at in the course of the coming year. I don't know whether it would be the commission or a body like the licence appeals tribunal, which would give a little more distance on it, but those are issues we would look at.

The Chair: Okay. Mr. Mauro.

Mr. Mauro: Mr. Major, how many years have you been the CEO or involved at the AGCO?

Mr. Major: Two years.

Mr. Mauro: I'm interested in this information in our briefing note: "In 1997, the Management Board provided funding to strengthen controls and ongoing funding to hire six staff to monitor and audit the production...," and it goes on to say that the staff were never put in place.

The sort of macro issue for our side, and I think for most, is this disagreement between the ministry and the auditor in terms of what the OIC allows you to do in terms of oversight on the municipal licensing function. It sounds to me like those six staff were intended to provide an oversight function on the break-open tickets. I would assume that the OIC applied the same to the break-opens as it did to the municipal licensing function. So my question is, if there is disagreement within the ministry in the AGCO that the OIC doesn't provide that latitude in

the first place, why would we even take that money? Why would the ministry or the AGCO even say, "We're going to take the money that Management Board provided us because you didn't think you could do that work anyway"?

Mr. Major: I think there are two issues. One is whether or not we have the authority to oversee mu-

nicipalities-

Mr. Mauro: But, Mr. Major, and I'm sorry I have to interrupt you, it's clearly been indicated here today that in the opinion of the ministry and the AGCO, you don't feel you have that authority. So I go back to my question: Why then would you take money that's intended to allow you to hire staff to perform a function that you don't think you can do in the first place?

Mr. Major: The oversight that we're talking about with respect to the break-open tickets is over the registrants under the Gaming Control Act, not the order in

council.

Mr. Mauro: So the order in council does not apply to the break-open ticket piece?

Mr. Major: In terms of the authority to issue a lottery licence, it does. With respect to—

Mr. Mauro: Not to issue licences, but the oversight

piece is the part I'm interested in.

Mr. Major: The oversight piece in all forms of gaming follows two streams: through the charity, and that's a dual responsibility between municipalities and the AGCO with respect to who issues the licence, and through the registration process, which is under the Gaming Control Act, where we regulate the supplier. So both ends are regulated; there are two streams. There's clear oversight responsibility and legislative accountability for the commercial sector under the Gaming Control Act. So the manufacturer, the distributor and the seller of break-open tickets are all regulated under the Gaming Control Act, but the Gaming Control Act does not apply to municipalities, and we don't register charities under the Gaming Control Act, just the commercial private sector operators.

Mr. Mauro: I see. So what you're telling me is there was good reason for you to take the money and hire staff to provide an oversight authority on the break-open

tickets?

Mr. Major: Yes.

Mr. Mauro: I suppose the question then is, why didn't that happen? Are you still getting that money? Is that still in your budget?

Mr. Major: There was one-time funding in early

1997.

Mr. Mauro: That's not what we were told.

Mr. Major: And some ongoing funding.

Interjection.

Mr. Mauro: We were told the money for the oper-

ational expense—was it three years?

Mr. Jim McCarter: Yes, basically it was \$1.25 million in each of the first two years and \$1.1 million in the third year, and they indicated that they approved funding of \$0.6 million annually thereafter for the ongoing cost of

six permanent staff. However, as you go on, the money kind of gets buried in the overall funding approval from the ministry.

Mr. Mauro: So the money is still flowing for those staff, and those staff haven't been hired, so it's built into the budget that the oversight function on the break-open piece that these staff were intended to provide is not happening. Is that fair to say?

Ms. DiEmanuele: I'm working with the commission as we speak in terms of putting in a tracking option, so we will be reporting back as part of our response to the auditor's report within probably the next six months.

Mr. Mauro: In 1997 the suggestion was that this needed to happen, and it's 2006 and, I'm sorry to say, we're working on it. There's been funding for six staff for nine years that—

Ms. DiEmanuele: I'll let Mr. Major speak specifically to some of the activities that the commission did engage in.

Mr. Dowler: Before Mr. Major offers his thoughts, it might be helpful to the committee just to look at the overall budget appropriation for the AGCO. I think Mr. McCarter indicated that the entire appropriation process is subject to the full review of every year's request of Management Board. This would be considered along with any number of other projects and factors. But since 1997, the AGCO's base in that year from estimates was \$39.2 million. The next year, it didn't move materially. It was up to \$39.5 million, a little less than inflation.

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Mr. Mauro: Yes, but the point is that the function the money was supposed to lead to never occurred.

Mr. Dowler: That's correct; the auditor has pointed that out. But I didn't want to leave the committee with the impression that certain monies were obtained and the budget ratcheted up and stayed there.

Mr. Mauro: You could make the point that the budget should be lowered by the amount of those six positions. But I'm less concerned about that part of it than about the oversight function on the break-open side, which was recommended in 1997, that apparently is not occurring to this day.

Ms. DiEmanuele: I'm just waiting for options on that from the commission, and we will be putting something in place.

Mr. Mauro: So you're suggesting that you have begun or will be beginning the review of the OIC?

Mr. Dowler: We will be completing that work by the end of this fiscal year, and the terms of reference are available for the committee.

Mr. Mauro: So it has begun or will be beginning?

Mr. Dowler: The terms of reference have been drafted and are here for the committee's consideration.

Mr. Mauro: Okay. So that will be done by the end of the fiscal year. When it's done, what will happen with it?

Mr. Dowler: It depends on the outcome of the review. Some steps that the auditor has recommended have already been executed on. So, as the deputy indicated, the AGCO has brought out a new lottery licence policy and

manual, increased training for municipalities—65% of municipalities have been trained—worked with the Association of Municipal Clerks and Treasurers, looking at the revenue model for certain charitable games, etc. So

those things are in play right now.

In terms of the policy review, my division will be looking at the overall orders that are provided to the AGCO, and that work will be completed with the full consideration of I think the central policy issue that the Auditor General has brought to our attention, which is how much licensing oversight of municipalities the AGCO should have, to what extent we treat municipalities like licensees, because in our view—and we have kind of traded legal opinions on this—the current OIC does not provide that authority to the AGCO.

Mr. Mauro: In what year was the OIC you're working under developed? Has it always been the same?

Mr. Major: It was developed in 1993.

Mr. Mauro: Okay, and previous to that, was there a different system in place? Was the oversight function different under the previous OIC? Was there a role for the AGCO or its predecessors to perform under a previous OIC?

Mr. Major: No. The oversight role was the same

since 1969.

Mr. Mauro: Okay. Thank you, Mr. Chairman.

The Chair: Mrs. Sandals.

Mrs. Sandals: First of all, could I ask you about the numbers you just gave? I thought I heard you say \$39.2 million, and then the following year, \$39.5 million. Are those the years before and after, when this extra \$1 million-plus supposedly flowed?

Mr. Dowler: I believe the auditor has indicated that the discussion of that appropriation was in 1997. So that would have been fiscal year 1996-97—I'm sorry, let me just check that. Yes, 1997 is correct. The numbers I have given you are for the last five years. Actually, I'm sorry; I'm a little later in time.

Mrs. Sandals: What I was trying to figure out was, sometimes you get management board saying, "Here is money for this," but at the same time, money for that disappeared out of the base, so when you look at the net, it's questionable whether money actually flowed at all. That's what I was trying to figure out.

Mr. Dowler: Every year; members will know.

Ms. DiEmanuele: I think the principal point is that obviously the commission is constantly looking at its pressures and making judgment calls and decisions with the board on where it needs to be dealing with priority items.

Mrs. Sandals: If we could go back on that tack then, we've talked about risk-based enforcement, but if I'm understanding the structure at AGCO properly, when you're evaluating the risk, the things that are in the hopper are the municipally issued licence for the Optimist TV raffle in Puslinch and the enforcement of the downtown bar in Guelph that spills university students onto the street—it's a 2 o'clock drunk every Thursday night, and the professional—

Mr. Kormos: Hey

Mrs. Sandals: Nobody is going to argue that I'm being accurate; it's what to do about it that's under discussion—and the commercial casinos, that when you're looking at risk base, your inspectors are looking at all the above.

Mr. Major: Absolutely. We have three lines of business, as you mentioned. There's the liquor industry, the commercial casinos and charitable gaming. Each poses a different form of risk. There is also some history, an evolution of those three industries, that needs to be taken into account. The liquor industry is by far a more mature industry than commercial gaming, which was started in 1993.

When we deploy our resources, we look at risk from a corporate perspective, and then we drill down on each one of those business lines. Corporately, if I'm going to assign a liquor inspector to go to Kenora, public safety in a bar is paramount and will take more precedence than inspecting a break-open ticket seller. So the decision on deployment of resources is based on corporate risks first. We'll say, "While you're in Kenora, visit these three establishments," because we're looking at public safety, overcrowding, drunkenness, serving minors, "and while you're there, there's a bingo hall. Could you please pass along and go take a look?"

That corporate strategy has been developed, and we focused on the liquor side first. What we've committed to doing now is drilling down to charitable gaming. The focus on charitable gaming isn't public safety so much; there are no public safety issues with respect to the sale of bingo paper. But there are issues of public perception. In gaming, whether it's charitable gaming or commercial gaming, the public perception that the games are on the up and up is very important, and that's what we focus most of our attention on: protecting the public interest and the public perception of the product itself.

Mrs. Sandals: I just wanted to make sure that we've got a clear perception of what risks you're actually evalu-

ating when you deploy the inspectors.

We've talked about the consultation on the whole area of charitable gaming. In Guelph, the commercial bingo halls—the things where as the mom of a kid I would get called, "It's your kid's charity's turn," and you would go and staff the bingo that night—closed down when the municipality brought in a no-smoking bylaw at bingo halls; they just up and left town. There actually is no commercial bingo in Guelph, those conventional bingo halls, so bingo takes different forms.

One of the forms is a TV bingo option that one of the local charities runs on a local cable channel. They've spoken to me about this issue of having to document where the charitable proceeds are going. They were actually presenting the other perspective. Their particular charity is setting up a fund for children with special needs that's sort of like a Children's Wish Foundation model in which they help families, as requested, with extraordinary costs. Their point was that it's very hard to document extraordinary costs on demand when we go to

document that the proceeds we receive are actually going to charity.

I'm wondering what sorts of conversations you're getting into with the end charities in that, yes, we need to make sure the money is going to charity, but not make the paperwork so onerous that it actually becomes difficult for the local charity to deliver to the people in the community whom they need to deliver to.

Mr. Major: That's a constant struggle. That's the balance I was referring to earlier on. We realize that the charities are operated largely by volunteers. There are some larger charities that have full-time staff, but your grassroots charities are run by volunteers. If they're faced with a mountain of paperwork just to get the licence, and then reporting requirements afterwards, many of them just throw up their hands and say, "It's not worth it."

We are mindful of some of the principles that the Auditor General has raised on accountability, and we need to try to balance that. I don't think there's ever a point where we actually reach that. It's a continuous journey; it evolves. But again, there's also a risk management issue here. There are some charities, I think—because they're accountable under the Charities Accounting Act and the public trustee and Revenue Canada—that we can feel more comfortable about not having to require such onerous documents of because of those other oversight bodies.

Then, looking at the amount of money being generated, should we require simply compliance reports for charities that raise under \$10,000 a year and reduce the paperwork because the risk there is lower, and focus more on charities that make \$100,000 or more? Those are the discussions we're having with the charities now and, quite frankly, with municipalities, because they have to be part of the solution.

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Mrs. Sandals: Just as a follow-up to that, the other odd form of bingo that we have in Guelph, having no bingo halls, is an annual event called Black Tie Bingo. I'm sure this is one where the prize board is high enough that it's probably a licence that the AGCO issues. We have a high-end fundraiser where everybody gets done up in black tie regalia, has a very nice dinner, and we ultimately end up playing bingo. Somebody has put the fear of God into the hospital foundation that operates this that all wine must be off the tables before the bingo begins because it would be illegal to be drinking wine and playing bingo at the same time. Whatever you're doing, this regulation is religiously enforced. Somewhere out there people have caught on to the rules. Thanks.

Ms. Deborah Matthews (London North Centre):

Chair, I have a question.

The Chair:. There's about three minutes left in the Liberal time. We come back. Mr. Zimmer also has some questions later.

Ms. Matthews: Well, the question will be quick. We'll see how short the answer is.

The Chair: You go ahead, Ms. Matthews.

Ms. Matthews: Thank you. I want to go back to the question of complaints. You mentioned you get about 25

complaints a year. Who makes the complaints and what's the nature of those complaints?

Mr. Major: The complaints I was referring to were investigations we've initiated. Many of the investigations relate to a charity misusing funds or misappropriating funds.

Ms. Matthews: So who would have made the complaint?

Mr. Major: I'd say 90% of the time it's the municipality. They've asked us to help them investigate. A municipality may investigate on their own, and many of the larger ones do, but some of the smaller ones, particularly if it involves a potential criminal offence, would ask us to intervene and assist them.

Ms. Matthews: My concern was that we were asking charities to complain about themselves. If so, I can understand why there would be such a low number. But actually it's the municipalities where for some reason there's a flag that goes up and they're suspicious, so they ask you.

Mr. Major: That's correct.

Ms. Matthews: Then at some point it becomes a police investigation, I assume?

Mr. Major: Yes.

Ms. Matthews: That's really all I wanted to clarify.

The Chair: Do you have any questions you want to ask?

Ms. Lisa MacLeod (Nepean-Carleton): I just want to follow up with Ms. Matthews's question. So 25 is the total number that you have received from municipalities, but the number could be much higher at the municipal level across the province?

Mr. Major: Yes.

Ms. MacLeod: Do you have any indication of what that number is?

Mr. Major: No, I don't; not offhand.

Ms. MacLeod: How can we find that number?

Mr. Major: The best is to ask municipalities to submit the information.

Ms. MacLeod: So there's absolutely no mechanism in place for oversight for not only complaints but also to make sure that the money charities are raising is actually going to charities?

Mr. Major: There is an oversight, but the municipality or the municipal council is charged with the responsibility of that oversight for the licences they issue, and we're responsible for the licences we issue. What we don't have is us, as a regulator, having oversight responsibility over the municipal council's activities.

Ms. MacLeod: So we essentially only have data about 25 that could be potentially criminal. But we don't have data on, for example—I heard anecdotally today that in one municipality about \$3 million was found that was supposed to go to charities and didn't. We don't know, for example, how many millions of dollars are not actually going to charities?

I guess what I'm getting at is, do you have any recommendations for a legislative mechanism so that there are maybe spot audits of charities or municipalities to ensure that the money that people contribute to charities is

actually going to charities?

Mr. Major: The anecdote of \$3 million, in my view, is an example of how the system is working, and working well. A municipality, on its own initiative, has the responsibility to verify that charities are supposed to get the money they say they got and that it went to the approved purposes. The fact that they found it indicates that, yes, municipalities are doing what they're supposed to be doing.

Ms. MacLeod: It's one example, and I guess what concerns me is that there are probably other examples out there where that's not occurring. What I'm looking for, I guess, is a solution from you folks, if you have any ideas, on whether or not we should offer spot audits; this is the public accounts committee, and we're looking for accountability. When you hear examples like \$3 million, that is great, and I applaud that community for actually taking that initiative. But what we're hearing is that there are best practices and worst practices in this province. We're going to have to make sure that everyone is in line with best practices. I think it ought to start here at the provincial level, where those best practices are actually disseminated to the municipalities.

Mr. Major: Our recommendation would be that, first of all, we clarify the roles and responsibilities—make it clear—and provide better and more support to municipalities. It could be done in the form of training, but also by implementing a compliance strategy to, again, give the municipalities the tools, the information as to what the responsibilities are, and the assistance and support on how to properly regulate the licences they have issued.

Ms. DiEmanuele: If I could just emphasize that, it will have to be a three-pronged or graduated kind of solution. I don't think there is one particular mechanism. The terms of reference will allow us to do the role clarity piece. We're already working with the commission on the enhancement of training and the provision of information, so that municipalities are very clear about what is available to them currently and are able to carry their roles and, ultimately, whether or not there are legislative or regulatory mechanisms that can strengthen but, at the same time, achieve the balance that Mr. Major has spoken about as well.

Ms. MacLeod: Thank you.

The Chair: Mr. Kormos, do you have more questions?

Mr. Kormos: I want to follow up on the last comments by Ms. Sandals. The only time I've been to Ontario's casinos was on picket lines—OPSEU at Niagara Falls and CAW down in Windsor. I have never been inside one. Can you drink in a casino? If you're in the VIP blackjack room, can you drink at the table?

Mr. Major: Yes, you can.

Mr. Kormos: But you won't let rich folks get all drunked up when they're playing bingo in Guelph?

Mr. Major: There are restrictions under the Liquor Licence Act. In order to consume alcohol in a bingo hall, among other venues where the sale and service of liquor

is not the primary business, would require an amendment to the Liquor Licence Act regulations. That is one issue that had been raised by the industry, saying, "We'd like to have, maybe, beer and bingo." That's part of our consultation process.

Mr. Kormos: I'm not sure I'd go that far, but I'd be more than pleased to let rich folks in Guelph get all drunked up when they're spending money on bingo. I'd

support that private member's bill.

But I want to tell you, Ms. Sandals: If you leave a bar at 2 a.m. and you're not drunk, you've been paying for watered-down drinks.

The Chair: Are you finished?

Mr. Zimmer, do you have some questions?

Mr. Kormos: No, I'm not finished.

The Chair: Oh, I'm sorry. I thought you were.

Mr. Kormos: I appreciate Mr. McIver's drawing our attention to the auditor's comments about the information technology project, yet another—correct me if I'm wrong—IT horror show. One of the questions that is begged, in view of the observation that the consultant was selected from an internal vendor of record established by the commission in October 2003—is that correct?

Mr. Major: An internal vendor of record from the ministry of the government.

Mr. Kormos: From MGS?

Mr. Major: Yes.

Mr. Kormos: And there was one contract with a value of \$60,000 that had been signed for that assignment?

Mr. Major: That's correct.

Mr. Kormos: And the consultant was paid a total of \$286,000?

Mr. Major: Yes.

Mr. Kormos: That indeed is far better odds than any raffle or slot machine.

And the consultant still hadn't completed his work as of his last invoice to you?

Mr. Major: That's correct.

Mr. Kormos: And the consultant was apparently fully paid before key deliverables were received?

Mr. Major: Yes.

Mr. Kormos: And the consultant didn't provide a breakdown of names and hourly rates of employees performing the services?

Mr. Major: We do have that, yes.

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Mr. Kormos: Was that after the fact, after the auditor's report?

Mr. Major: The auditors, I believe, requested it.

Mr. Kormos: And similarly, not only the names and rates of the employees but details of the work they were performing hadn't been provided until the auditor raised the issue?

Mr. Major: That's my understanding, yes.

Mr. Kormos: Nobody had asked for it?
Mr. Major: We would have asked for it. We would have had the breakdown before paying, before the com-

pletion of the project.

Mr. Kormos: But you had asked for it before the auditor noted the absence of it?

Mr. Major: I'm not sure.

Mr. Kormos: And the rates were not in compliance with the October 2003 contract that had been signed?

Mr. Major: That's my understanding, yes.

Mr. Kormos: And one of the illustrations we were given was that a \$440-an-hour rate was charged for a job that was only supposed to have been paid, my goodness, \$375 an hour?

Mr. Major: That's right.

Mr. Kormos: An overpayment of \$3,120 for that one worker?

Mr. Major: Yes.

Mr. Kormos: Well, you know the questions that begs. Why was there no business case developed for these projects?

Mr. Major: We believed we had one. Obviously, it didn't meet the guidelines of the ministry.

Let me offer this by way of explanation, not excuse: The lottery system we had was developed, I believe, in 1990 or 1991, and it effectively replaced typewriters at the time. It was designed on a—

Mr. Kormos: A computer system?

Mr. Major: Yes. It was a not particularly sophisticated, simple database—very limited functionality—developed on software that is no longer supported. Our plan B for this was the purchase of typewriters.

We have three legacy systems: one for liquor registration, one for gaming registration and one for lottery licensing. Those three computer systems were relatively old infrastructure and don't talk to each other. The plan was to develop one comprehensive system that deals with all three lines of business, updated and upgraded, which would require quite a bit of resources and time and a reengineering of our business process, which is a very, very lengthy process. We don't have huge databases, but our business processes are somewhat complicated.

We had been working on that particular larger, broader IT plan. What was brought to the executive's attention was that portions of the lottery system database had been corrupted. We couldn't find anyone to fix it, and it couldn't be fixed. So we were not only losing the data but we were losing the functionality, and we had to either invest immediately—depart from the broader plan and do a lottery system right now—or purchase typewriters. That was the choice the senior management team had.

Mr. Kormos: Where do you buy a typewriter now-adays?

Mr. Major: I don't know. We'd find something from archives, I suppose, somewhere.

This was identified as a risk by the ministry audit risk management team about six months prior, and there was a mission-critical issue here. We needed to have something in place.

To us, the decision was fairly obvious: We needed to have a system, and because we don't have the full picture yet, we didn't want to design a system we would later have to throw away. So what we asked for was: "Develop a system that has sufficient flexibility, that meets government standards and that we can build upon later and add to it the satellite pieces of gaming and liquor." So we went from just replicating the existing system with limited functionality, which is a \$60,000 project, and then, when we got into the scope of the particular project, we said, "If we want to make sure we can build upon this later on, we need some additional flexibility within it, and we need to meet government standards so that we're not limiting ourselves in the future to external application of the database" to municipalities, as an example.

So the decision was made to expand the scope and also take the opportunity at that time, because we had the benefit of some of the earlier comments from the Auditor General, to incorporate some design features in our system that would accommodate some of the concerns that were raised in the report.

With respect to the individual fee paid, we are not paying more than \$286,000. While it is true that we did pay the higher rate, the \$440 versus the \$375, the overall amount of hours that were allocated to design this project were higher than what we actually paid. So the consultants put in \$292,000 worth of work, and we will bill \$286,000. The reason is that we used more of the more senior consultants and less of the less experienced and the lower-paid consultants, but overall, there was value for money.

Mr. Kormos: Nobody by the name of Jeff Lyons or Tom Jakobek was involved?

Mr. Major: Not to my knowledge, no.

Mr. Kormos: I just wonder, why would you pay apparently the final payment, \$286,000, when we're told—and if we're wrong, tell us—the key deliverables hadn't yet been provided?

Mr. Major: The short answer is, we had the money then and we didn't expect to have the money the next year.

Mr. Kormos: You mean you were in a position where you would have had to dishonour your contractual obligations to pay?

Mr. Major: Well, we had a long working relationship with Deloitte, so they were a known commodity—that was the consultant that did this—and we were able to find \$150,000, I think it was, within that fiscal year's budget, so we prepaid it.

Mr. Kormos: I think I know what you did. You had that money in the budget, so you paid up front so that you wouldn't have to lose that money out of the subsequent year's budget.

Mr. Major: That's right.

Mr. Kormos: Even though the contract hadn't been completed yet.

Mr. Major: That's right.

Mr. Kormos: Is that good business practice?

Mr. Major: No, it isn't, and we have taken steps to make sure it doesn't happen again.

Mr. Dowler: From a ministry perspective as well, the government has just refreshed its memorandum of under-

standing with the Alcohol and Gaming Commission of Ontario. That's been approved by Management Board. The relationship between the ministry and its agency does require—and the chair of the AGCO has signed on to this—that, as reported, applicable guidelines and directives will be enumerated and will be upheld. I know Mr. Major has a couple of IT projects ongoing right now. The ministry audit committee has been made aware of them and internal audit is involved. One of the auditor's recommendations was to have the engagement of the internal auditors up front. That step has been taken. So I think on a go-forward basis, Mr. Major has indicated that this was an exception. It's certainly not an indication of future practice.

Mr. Kormos: As a lawyer, I suppose it's somewhat ironic that I would criticize a \$440-hourly rate, but exactly what does one do in the context of IT to be paid \$440 an hour?

Mr. Major: I believe those rates are competitive.

Mr. Kormos: No, but what is the task?

Mr. Major: It's to actually design—what are they called? Not the framework but the—

Interjection.

Mr. Major: —the architecture of the system.

Mr. Kormos: David, let's get ourselves over to George Brown College right away and get some upgrading.

Why would you pay in excess of the \$375? Why wouldn't that have been caught, the \$440 instead of \$375?

Mr. Major: There was a decision made by the steering committee that they could save time by having a more senior consultant do more of the work, which was the one who came at the \$440, as opposed to two of the more junior ones at the lower rate.

Mr. Kormos: Didn't they think this was going to bite them on the butt when somebody like the auditor came

across it?

Mr. Major: Apparently not. But there wasn't an attempt here to try to conceal it.

Mr. Kormos: Obviously not.

Mr. Major: No, and I don't think the Auditor General is suggesting that there was no value for money for the project itself, but rather that the guidelines weren't followed and the prepayment was inappropriate. We fully agree with that and we have put measures in place to make sure it doesn't happen again.

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Ms. DiEmanuele: Mr. Kormos, if I could just add, Ministry of Government Services also has responsibility for the oversight of I&IT as a whole, and you'll be aware that the ministry released, about a year ago now, in July of last year, a report on large-scale IT projects. Although focused on larger projects, I think there are many lessons to be learned for all IT project management. There were 16 recommendations contained in that report. By June or July of this year, all will have been implemented. They include things like better front-end planning, which I think this particular project could have benefited from;

better what we call "gating" in an IT project, where you have some opportunities to pause and reflect on where you're going next with a particular project and whether or not you have some risks that you hadn't thought of earlier on; score cards to really get value for money throughout this project, not just at the end of a project, to find out whether the investment delivered on what you were looking for; again, so you have a chance to calibrate and recalibrate within a project management discipline.

I could go on. But there are a good 16 recommendations. This organization certainly could have benefited from that. We will work with them, as we'll work across all of government, to improve our performance on

the implementation of I&IT projects.

Mr. Kormos: You anticipated the final question, and that is, what controls haven't been implemented, and that's what you're addressing. It clearly wasn't Andersen Consulting or else it would have been millions of dollars over contract price. Thank you kindly, Chair.

The Chair: Mr. Zimmer?

Mr. Zimmer: Just very briefly, do I understand that the budget of the Alcohol and Gaming Commission of Ontario is somewhere in the high 30s?

Mr. Major: It's \$39 million, yes.

Mr. Zimmer: How many FTEs have you got working there?

Mr. Major: It's 497.

Mr. Zimmer: How many of the 497 are dedicated or assigned on an FTE basis to the charitable gaming side of things as opposed to the alcohol side of things?

Mr. Major: On the charitable gaming, six licensing

officers plus a manager.

Mr. Zimmer: Sorry, just give me that again.

Mr. Major: Six lottery licensing officers and one manager. On investigations, the responsibility is shared. There are approximately—I want to be consistent with my previous on this—10 to 14, I think is what I said.

Mr. Zimmer: Shared?

Mr. Major: Yes. For example, liquor inspectors or OPP detective constables who have dual responsibility for liquor and gaming.

Mr. Zimmer: Of the 10 shared FTEs, how much of their time are they spending on gaming as opposed to

alcohol matters? Do you have any sense?

Mr. Major: It depends on the function. On the inspection function, it's very small. I'd say that approximately 2% of inspection time is spent on charitable gaming. The bulk of the time is on liquor.

Mr. Zimmer: So in the summary of the high-30s budget, 597 FTEs—I'm sorry, 497 FTEs—there are six officers and one manager dedicated to gaming and 10 shared employees working gaming and alcohol, and they devote a small amount of their time to the gaming side.

Mr. Major: Just on inspections. There are police officers who do what we call due diligence investigations or background checks. On volume here, if you look at the number of registrants that we have on the charitable gaming side, it's approximately 9,000. On the commercial gaming side, it's more than double that. We have a

team of 14 OPP officers, for example, called the corporate investigations unit. Their sole task is to do background investigations, which look at criminal record backgrounds, financial history, relationships, conflicts. Their resources there—

Mr. Zimmer: But when you're back to the seven full-time and 10 shared, out of the 497, was it? That means we've got, say, 485 on the alcohol side, and seven and 10 part-time on the gaming side, and you're overseeing responsibility for 43,000 annual licences, \$1.6 billion in revenues with a net of about \$246 million that goes to the charities. How do you manage that big operation with seven full-time and 10 part-timers?

Mr. Major: It really goes back to the risk management approach that I spoke of earlier. The charitable gaming industry, at least the commercial sector, is relatively new. It evolved in the late 1980s and early 1990s and was regulated in 1993 when the Gaming Services Act was introduced, so it wasn't particularly sophisticated. It's grown significantly since then and we have a much more sophisticated network of suppliers and business models out there, similar to the commercial gaming operators. It's relatively new. Again, it's 1993 since we had our first casino, and the standards, since there was no history there for entry into casino business, were set very, very high.

Then we have the liquor industry, which has over 60 years of history and is accustomed to a particular approach to regulation. We spend a lot more time in our enforcement approach on liquor with respect to inspection because the violations are very often visual—less so on the commercial gaming side. On the charitable gaming side, one of the primary principles that we try to

enforce is preventive.

Mr. Zimmer: But the thing that strikes me—one of the answers is, "The responsibility has been delegated to the municipalities," but nobody knows what the municipalities are doing, if much. Have I got that right?

Mr. Dowler: Maybe I could speak to that. I think the comment about municipal oversight really goes back to the terms of reference that we've released, but it also goes to the question of municipal law generally. There are requirements in the Municipal Act that municipalities are obliged to uphold. It's not that they're not supervised; they have to have audits, they have to have councils, they have to have minutes, they have public meetings.

Mr. Zimmer: But you've delegated your delegation.

Mr. Dowler: That's the way the province behaves on a number of fronts.

Mr. Zimmer: Please, I don't mean this in any way personal to the commission or to any of the people involved in the work of the commission but just as a theoretical. We've got a responsibility that the commission has that has been delegated down to the province. We don't know what they're doing in terms of managing that. At the head office, if you will, we've got seven full-time and 10 part-time employees, FTEs, managing this file.

Mr. Major: One point that needs to be very clear here is that the delegation does not come from the commission.

Mr. Zimmer: I understand that. All right. Thank you, Mr. Chair.

The Chair: Mr. Kormos.

Mr. Kormos: I think there's just a general undercurrent of concern about this split jurisdiction, municipal-provincial, and the lack of clear interaction. One is in terms of Mr. Sterling's inquiry about—because most of us as MPPs have experienced this— what does a Lions Club or a Boy Scout group or Big Brothers do when the municipality says, "No, you're not entitled to a licence to participate in a bingo or to run a raffle"? It's very frustrating for them not to be able to access—because in many respects, you're the source of the municipality's authority, right?

Mr. Major: The order in council is, yes.

Mr. Kormos: And the order in council creates you. So it's frustrating for them not to be able to access you to get a review, let's say, of that decision by a clerk that's compelling. Is there a need for a role on your part in that regard?

Mr. Major: If we go back to 1969, the public policy decision was very deliberate in that the municipal councils were in the best position to determine what was in the best interests of their community. The province delegated the responsibility, did that with that in mind. There are some municipalities, for example, that put particular emphasis on certain charitable programs within their community, and it's not for the AGCO to second-guess that and say, "I'm sorry, we don't think you should be focusing on health-related types of charities. You should be focusing on allowing it for everyone."

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Mr. Kormos: You've talked about the interest in educating municipalities, using forums, amongst other things. The auditor recommended a process of oversight as well as support of municipal licensing authorities. Has there been any consultation with municipalities regarding, at the very least, the sharing of information between the commission and those municipalities?

Mr. Major: Yes, there has been. We met with the Association of Municipal Clerks and Treasurers in January, and there will be subsequent meetings, to try to come up with strategies on how that information-sharing should occur.

Mr. Kormos: You talked about the educational role you perform with clerks through their association and so on. What about working or educational opportunities for members of boards of these charitable organizations: Big Brothers etc.? It's been noted that these are well-meaning people who are volunteering their time. I've seen far too often the game of gotcha—really—in terms of funding. Boards are allowed to just do their incompetent best, if I dare say that; they run afoul and all of a sudden funding is suspended. What plans are there to do specific training for board members involved with organizations that want to participate in charitable gaming?

Mr. Major: The 10 training sessions that I referred to earlier were municipal-specific, so it was only the clerks. But in addition to that, we conducted specific munici-

pality training. We went to, say, Kenora and had a meeting with the municipality. In most cases, the charities within that area are invited to that meeting, so they get the same information the municipality has. We're going to continue to do that town-specific type of training where charities are invited.

Mr. Kormos: Bingos are vulnerable because they're cash, sometimes a lot of cash, and that can be very seductive in terms of simply shrinkage. Break-open tickets are problematic for the notorious reasons that have been publicized. Response is in some respects through your commission, but the auditor talked—can anybody buy break-open tickets? Can I go to an operator and buy break-open tickets?

Mr. Major: Yes, there are over 5,000 retail locations

that sell these. You can also buy them-

Mr. Kormos: No, I'm talking about buying them from the wholesaler.

Mr. Major: Oh, no. Sorry. Only a licensed charity can. A charity has to have a licence. You take your licence to either a supplier or the manufacturer and then they can release the number of boxes that have been approved for you.

Mr. Kormos: Fair enough, yet these are—unfortunately, it's no longer in business, but we had Bazaar Novelty down in St. Catharines, which had a fair number of employees. It was a printing plant that prints these things out. If passports are easy to steal and get access to, these are like cigars out the back door of Cuban cigar factories. What controls and audits are there of manufacturers of these tickets?

Mr. Major: There had been controls in the past, but we changed the nature of our relationship with the manufacturers in May 2005. We've imposed terms and conditions on the licences of the manufacturers. Two of the requirements, among many, are an audit requirement but also the introduction of control objectives. We've set five broad control objectives over the production of the tickets: how the tickets are stored, what the internal practices are of the manufacturing plant, everything from the material that's used to produce the ticket, the ink and how it's cut, all of that. Broad control objectives have been set, and the suppliers are now required to show us how they're meeting those particular objectives through an independent assessment.

Mr. Kormos: How is that investigated? Is it a con-

tinuous reporting and supervisory process?

Mr. Major: Yes. The reporting requirement is on an annual basis. For any deficiencies that are found, we'd sit down with the manufacturer and get a plan as to how they'd address those deficiencies.

Mr. Kormos: What information do you have about the demographics? Do you know who plays break-open tickets as compared to who goes to bingo and who buys

high-end, big-prize raffle tickets?

Mr. Major: We do know a bit about the bingo side and the break-open tickets. The raffles, I'm not so sure. The industry sponsored a study on the break-open ticket not too long ago to find out who buys break-open tickets,

just as any other retail sector would do to find out who your target is. There is an appeal for the break-open ticket as an impulse purchase. People typically don't buy a break-open ticket as they would a 6/49 ticket, certainly not with the same frame of mind. They'll purchase a ticket and, normally, the smaller prizes—the \$5 prize, the \$10 prize—get put back in the box and you purchase more tickets.

For some reason—I don't know why—northern Ontario seems to be more attractive for the sale of breakopen tickets than the greater Toronto area. I'm not sure how that's evolved, but I know that in the early 1990s, break-open ticket locations in North Bay, for example, were outselling lottery products two to one, which is very unusual.

Mr. Kormos: I'm sure it caused the lottery corporation some concern.

Mr. Major: Yes, it did.

Mr. Kormos: What about bingo?

Mr. Major: Bingo? I can't recall the exact socioeconomic demographic profile of the player, but you'll have predominantly women playing, probably 30 or 40 and older.

Mr. Kormos: Look, there's focus on the whole issue of problem gambling—that's the polite term—gambling addiction in casinos. Some of us may criticize the measures and insist that they're not progressive enough, but the fact is that there is an identification of a problem because there has been implementation of things to address it. What about the whole area of problem gambling, gambling addiction? Break-open tickets are hard to control. But with respect to bingo particularly, you know as well as I do, from a sufficiency of anecdotal news reports, the impact of gambling addiction at that level. It should cause us the same amount of concern as we have about casino gambling, shouldn't it?

Mr. Major: Yes. The government overall is developing a strategy on how to deal with problem gambling, and it will have to include the charitable gaming industry. We do require, for example, that the 1-800 problem gambling help line be printed on break-open tickets because, as you have mentioned, with the manner in which that product is distributed, it's difficult to have some control over getting that message out on that particular product. With respect to bingo halls, I think there's an opportunity there to at least increase the exposure for help for groups like the Responsible Gambling Council. In fact, in our modernization document, it's one of the initiatives that we want to discuss with the industry and with municipalities: how we can do a better job of requiring suppliers to at least give those who do have a problem some indication of where they could get some help.

Mr. Kormos: Maybe we could ration those daubers, so you only get three daubers a year—

Interjection.

Mr. Kormos: I don't know. Look, it's a serious problem. Again, we all know it in our communities. You and I both know that there may be high rollers who blow their brains out at Casino Niagara who are affluent peo-

ple. Unfortunately, there are a whole lot of poor people who do it too. But quite frankly—and your research may prove me wrong—it's lower-income, modest-income people who by and large go to small-town bingos, at least down where I come from: a whole lot of people who can ill afford to lose that money. It is a very serious problem. How seriously is the commission taking it?

Mr. Major: I think there's a dual responsibility. There is a commission responsibility in terms of ensuring that suppliers take appropriate steps to notify the patrons that they have a problem. There's also a significant responsibility on the suppliers themselves from an operational perspective, just as other suppliers of gaming products have taken the initiative to make sure that their patrons gamble in a responsible way.

This is an issue, as I said, that we're going to be discussing with municipalities and suppliers—strategies other than just putting posters in the bingo halls and whether or not there's anything else that we ought to be doing. The nature of the bingo game is not as fast-paced as the slot machine, so it doesn't bring about the same kinds of issues, and perhaps a different approach is needed to deal with that kind of clientele.

Mr. Kormos: There's not as much Pavlovian conditioning, literally, with the bells, whistles and lights.

You referred to gaming as entertainment. Did I hear you right? To me, going bowling is entertainment. You go to a bowling alley and people are interacting, they're laughing, they're cheering. But I've been in bingo parlours, and you daren't even say hello to somebody because they're obsessed. What people tell me about casinos is that when people are sitting at slots, nobody's socializing; they're fixated on that machine. Why do we persist in calling it entertainment? You're not quite as old as I am, but you're old enough to remember bowling alleys and going to the arena for family or kid's ice skating on Sunday when it's free, maybe, in small towns like where we came from or even, my goodness, a movie. Is gambling in the same category of entertainment as those things are?

Mr. Major: I really don't make a moral judgment on the value, but when I use the word "entertainment," I'm saying that's how gambling institutions want people to

view gaming, that it ought to be entertainment and not more than that. A lot of their slogans and a lot of their pitch is aimed at educated people, saying, "If you don't think it's entertainment, then you may have a problem." So yes, there are other forms of entertainment that I would personally find have more value for money than gambling, but that's a personal choice that individuals make. Some people do find bingo entertaining not only in the social context, but that the game itself is very entertaining.

Mr. Kormos: I'm wrapping up, Chair. Look, I was around here in the early 1990s during the debate on gaming. One of the things I found most repugnant about it was that the promoters of casino gaming were really marketing it as entertainment and a family activity and, "We'll have kids' playrooms in the casinos." They built them at the racetracks. I've just got to tell you, folks we're not going to roll back the clock; I appreciate that but for the commission itself, with respect, to persist in the myth and the marketing of this as entertainment I consider a very dangerous thing. I don't think it becomes the commission as an objective and aloof regulator of the industry—I don't think you're serving yourself well, because that's the industry's line, that's the marketing. Surely you, as regulators, could be using far more neutral language, couldn't you?

Mr. Major: Yes. Again, the context for my remark before, when I mentioned "entertainment," was in the problem gambling context. We don't market or promote or position the product in any way; we regulate it.

Mr. Kormos: I understand that, and in the course of regulating it, all I'm asking you is to please never refer to it as entertainment, because that quite frankly detracts from your objectivity and your credibility as regulators.

Mr. Major: You're right. We haven't and we don't intend to go down that road.

The Chair: No further questions? Thank you very much for your presentation. Members of the committee will remain a few minutes—I imagine there's going to be a division—and we will have a little discussion to direct the researcher with regard to writing the report. It should only take five or so minutes.

The committee continued in closed session at 1154.





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Second Session, 38th Parliament

Official Report of Debates (Hansard)

Thursday 20 April 2006

Standing committee on public accounts

2005 Annual Report, Auditor General: Ministry of Training, Colleges and Universities

Chair: Norman W. Sterling

Clerk: Katch Koch

Assemblée législative de l'Ontario

Deuxième session, 38^e législature

Journal des débats (Hansard)

Jeudi 20 avril 2006

Comité permanent des comptes publics

Rapport annuel 2005, vérificateur général : ministère de la Formation et des Collèges et Universités

Président: Norman W. Sterling

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 20 April 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 20 avril 2006

The committee met at 0946 in committee room 1, following a closed session.

2005 ANNUAL REPORT, AUDITOR GENERAL

MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES

Consideration of section 4.10, Ontario student assistance program.

The Chair (Mr. Norman W. Sterling): Good morning. My name is Norm Sterling. I'm the Chair of the public accounts committee of the Legislature.

Dr. Steenkamp, welcome to the committee. I understand you have appeared in front of the BC committee on public accounts, and I want to tell you that our committee considers them as pussycats, just as a warning. Actually, I was not authorized to say that.

Welcome. I understand you are a new deputy minister. Our committee gives the deputy minister the opportunity to make a statement at the beginning of our hearings, and then we proceed to questions with regard to the auditor's report and the presentation normally made by the deputy minister. We normally allocate time equally among the three parties represented here today.

Perhaps you would like to introduce those sitting with you at the table and anybody else who might come to the podium to answer questions on behalf of the ministry.

Dr. Philip Steenkamp: Thank you, Mr. Chairman. I would like to introduce Janet Mason, who is the assistant deputy minister of the post-secondary education division in the ministry, and Richard Jackson, who is the director of the student support branch. Given that I am newly in this job for a few weeks, I will be relying on their technical assistance through the course of these proceedings.

What I propose to do, if it pleases the committee, is just make a few opening remarks and then quickly get into a slide presentation where we summarize the status of the implementation of the Auditor General's recommendations.

First, I'm very pleased to be here in front of the committee to report on the implementation of the recommendations made by the Auditor General in his 2005 follow-up audit on the Ontario student assistance program, and also to respond to any questions that committee members may have.

I am pleased to report that the recommendations brought forward by the Auditor General have either been implemented or are well in the process of being implemented. I understand from my briefings that this is the ministry's third appearance before this committee since 1997 on the implementation of recommendations made with respect to OSAP. The Auditor General's recommendations, I understand from my briefings, have enabled the ministry to significantly improve the accountability of the Ontario student assistance program.

Just to briefly recap the recommendations made in the four previous OSAP audits: The 1997 audit of OSAP found that significant improvements to OSAP were required, and the recommendations included the need to improve the oversight of program delivery activities of the post-secondary institutions, increase control over bursary payments, improve internal financial management controls and implement performance management.

In addition to those recommendations, the Auditor General also made the following observations: that more effort was required to recover overpayments and defaulted loans; that administrative practices were resulting in inappropriate payment of loan forgiveness benefits; and that student loan default expenditures had increased significantly from 1993 through to 1997.

In 1999, there was a follow-up on the 1997 audit, which showed that there had been significant steps to improve controls; there had been new measures put in place to improve collections and reduce default claims; and several performance measures had been introduced as well, including graduation rates, graduate employment rates and default rates both for institutions and for different programs of study.

Then in 2003, there was an audit of OSAP systems and procedures, and the conclusion there was that since the 1997 audit, the ministry had taken action to address a number of the recommendations and there had been a significant improvement. These recommendations were the foundation for the 2005 follow-up audit and the reason we are here today. I note that in the 2005 follow-up audit, the Auditor General noted that according to information obtained from the ministry, the ministry has taken some action on all of the recommendations made in the 2003 annual report.

So today I am here to talk about OSAP in the context of the new investment in post-secondary education, the Reaching Higher plan, which is a \$6.2-billion investment by 2009-10. Within that investment, the government is

making an investment of \$1.5 billion in student aid to make post-secondary education more affordable for low-and middle-income students.

For 2005-06, the student aid enhancements provided additional assistance to more than 135,000 students. These enhancements were the most significant improvements to the program since 1978. For 2006-07, we estimate that about 145,000 students from low- and middle-income families will benefit from the enhancements recently announced.

Today I am able to tell you that with the exception of a few areas where more work still needs to be done, particularly with respect to negotiations with our federal partner, much progress has been made to address the recommendations made by the Auditor General.

I'll take you through the slide presentation very quickly, and then leave the balance of the time for questions. If I move to slide 2, the audit history I have spoken to, you can see it on the page, from significant weaknesses in 1997 to consistent improvements bringing us here today.

If we go to slide 3, the OSAP stats for 2005-06: It's an extensive program, \$1.5 billion a year and more than 185,000 students. You will note the very high percentage

of students who apply online here as well.

The federal-provincial partnership is obviously an extremely important feature of the program. The federal government plays a key role in providing assistance. Ontario, though, delivers the Canada student loan funding on behalf of the federal government. Since the integration agreement in 2001, in order to make the program more efficient for students, it has been delivered through a single source.

There have been some efforts made to improve integration. The same methodology is used to calculate parental contributions, and the criteria for interest relief are now the same. There's a constant move to try to improve integration through negotiations with the federal government but also through the forum of the federal-provincial-territorial working groups.

The six key recommendations of the Auditor General's 2003 annual report are listed on slide 5, and I'll go through each of those in turn. In summary, before we get into the specifics, I think we can say with confidence that all the recommendations from 2003 have been implemented or are well in the process of being implemented.

Turning to the first recommendation, concerning determining eligibility in loan entitlements: If we turn to slide 8, the recommendation here was to ascertain trends by analyzing the results of the income verification process. The ministry found that under-reporting of income was one of the primary causes of overpayments.

To assist in minimizing errors, the ministry signed a memorandum of understanding with the Revenue Canada Agency in September 2005, which will result in regular checks of information beginning in June this year. In most cases, we will have verified the parental income for dependent students prior to issuing funding in September 2006, which is a significant improvement on past practice.

The more frequent and much earlier verification will significantly reduce the number of overpayments created by incorrect reporting of parental income by dependent students, and will also provide more accurate data for assessing entitlements for dependent students.

In addition to the MOU, the ministry is also developing a restriction policy that would take a measured approach to withholding eligibility and benefits from students who abuse the system.

Turning to slide 9: In the same general area, around eligibility in loan entitlements, the recommendation there was to negotiate policy changes that will permit parental and spousal income to be verified at the same time. I would characterize progress on this by saying that the sort of policy work is under way with the federal government.

There has been significant federal-provincial-territorial work on student assessment simplification initiatives, which was begun last summer. But because of other priorities, such as implementing the 2005-06 federal enhancements and the resulting adjustments we needed to make at the provincial level and the change in the federal government as well, work on this initiative did not advance as significantly as we had hoped. However, we are continuing to press for changes to assessment methods that will lead to verifying spousal and parental incomes on a consistent basis. So the item is still on the agenda and is actively under consideration in that federal-provincial-territorial forum and in bilateral discussions with the federal government as well.

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On slide 10, the reference is to the recommendation to properly determine entitlements in cases where spousal income includes social assistance. We have worked very closely here with officials from the Ministry of Community and Social Services and financial aid administrators at the various post-secondary institutions to develop a new, enhanced web interface for Ministry of Community and Social Services workers to access data about their clients' OSAP funding. This IT application is currently being tested and is expected to be fully operational this month.

The new interface will also increase the efficiency of ongoing batch data matches between OSAP and the Ministry of Community and Social Services, and will help prevent double funding from the Ministry of Community and Social Services and OSAP and allow for quicker identification of any over-awards that may occur.

The following slide shows you the front page of the secure web interface. We would be happy to provide more detail on this for members of the committee.

I want to turn now to talk just briefly again about the next area of recommendations; that is, the area of improvement for reducing student loan overpayments.

On slide 13, the recommendation is to determine and act on the main reasons for loan overpayment; loan disbursements need to be timed with student cash flow requirements. We have worked and discussed this with the federal government, and the federal government initially informed us that a request for proposals would

be issued in the fall of 2005 for a loan service provider, which would enable monthly loan disbursements, better integrating the timing of disbursements with the requirements of students.

That RFP was actually released on February 24 this year, and the closing date is May 4, 2006. The time frame for changes to the disbursement schedule will be determined, obviously, after the selection of the service provider, but that work is well under way and we anticipate being able to make some progress on that once the contract is awarded.

Slide 14: The recommendation is to improve post-secondary monitoring of academic progress. What this involves, really, is a significant attempt to keep in contact with post-secondary institutions and, in particular, with the financial aid administrators. So the financial aid administrators have been reminded, through system-wide announcements and regular, ongoing contact, of the need to process enrolments in a timely manner and also to monitor academic progress. There is a working group of financial aid administrators and ministry staff who work to identify and communicate best practices to institutions that, in our collective view, are deficient in this area.

Slide 15: reducing student loan overpayments. Again, the recommendation there is, "Review process of overpayments for students who provide inaccurate information." The ministry has reviewed causes of loan overpayments and reported this information to the federal government. It also indicated that changes in OSAP policy, as well as extensive negotiations with the federal government, would be required in order to fully address this issue.

The ministry is proposing to continue investigating serious cases of under-reported income and to use these results to determine future policy work. So I think this is an area I would characterize as a work in progress. We are continuing to do the kind of analytical work we would need to do to determine the appropriate policy response. We are informed that federal officials as well are still developing policy for the recovery of loans or grants issued which are in excess of student entitlements. We will stay closely in touch with them to see whether this work is applicable and practical for Ontario to implement as well.

The next area concerns controlling Ontario student opportunity grant payments. If we move to slide 17, the recommendation there was to work with post-secondary institutions to identify students who reduce their course load to part-time or who do not meet ministry expectations for academic year completion.

Students who do not complete the academic year are not eligible to be considered for OSOG assistance. In order to emphasize this requirement with students, the 2006-07 notices of assessment that advise students on how much assistance they qualify for will be revised to highlight both the amount of OSOG assistance that they may be eligible to receive and the eligibility criteria that they are required to meet to receive this benefit.

As I have mentioned previously, there is an audit working group consisting of financial aid administrators

and ministry personnel. The mandate of this group includes recommendations for follow-up on instances of non-compliance with OSOG requirements. It's also looking at improvements to the audit process to make it more cost-effective.

The next area concerns managing the risk of program abuse, obviously an extremely important issue for all Ontario taxpayers. The recommendation on page 19 concerned identifying individual cases of potential abuse, analyzing the summary statistics for possible trends warranting investigation and following up with appropriate action.

In terms of the progress made here, right now students with an increase of two or more dependents from a previous year's application are identified and audited. In 2004, 192 files were reviewed. Reassessments of the files resulted in savings of \$167,000. The project was also undertaken in the fall of 2005. Some 123 cases have been identified. The value of the reassessments is currently being undertaken, so we don't yet have the figures for how much money will be recovered as a result of this.

In addition, regulations were amended to restrict future eligibility for students who under-report income. We're developing for 2006-07 a restriction policy on future eligibility. The work is continuing to try and identify trends and, once those trends have been identified, put in place the appropriate audit mechanisms as well.

The next issue concerns reducing defaulted student loans. I know this was a big subject of focus in previous audits, and there has been some consistent improvement in this area. It is an area, however, where I think we must continue to be very vigilant and look for continuous improvement. I am pleased to report that we are seeing improvement in default rates, particularly over the last year.

The recommendation there was to implement best practices used successfully in other jurisdictions. Ontario is a leader, I would say, in terms of default prevention in Canada. There's very rigorous credit screening of new applicants; there's public reporting of default rates by institution and program. That gives prospective students some very good information about selecting programs. Default cost-sharing is in place. That means that for institutions with a published default rate greater than 25%, they are required to pay the cost of the default above 25%. There's a requirement for a default management plan; there are a variety of mechanisms for interest relief and debt reduction.

One initiative in particular is the Ontario debt reduction and repayment program, which was implemented in November 2004. That assists borrowers who face exceptional long-term financial difficulty. It's available to students who have been out of school for five years and have exhausted all periods of traditional interest relief.

In the same year, the fall of 2004, students were also able to check the status of their loans online for the first time. That's a very significant advancement because it provides a much more convenient and accessible means for students to keep track of their accounts.

If you turn to page 22, the recommendation is to establish income tax set-off arrangements for defaulted loans for which normal collection efforts have been exhausted. This is an important recommendation, and I'm pleased to report that the ministry has increased the number of accounts sent for income tax set-off by 66,000 in the past three years. In addition, the ministry is working with Ontario Shared Services and the Ministry of Government Services on its revenue management improvement project. Ontario Shared Services is coordinating a pilot project to improve the collection of Ontario student loan defaults. We can, again, provide the committee with more detail if there's an interest in the progress that's been made and the plans under way in this area.

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Slide 23 gives you some sense of the totals collected through income tax set-offs. You can see, at March 31, 2006, the total there is \$16 million.

The last area to address concerns expanding performance reporting. Again, these recommendations go back to the initial audits and the concern expressed by the Office of the Auditor General about the absence of good performance reporting. The recommendation there is to evaluate and report on the effectiveness of OSAP and strengthen accountability, calling on the ministry to establish deadlines to begin publicly reporting the agreed-upon performance measures.

The ministry does report now on graduation, graduate employment rates and student loan default rates, as I mentioned previously, both by institution and by program area. Performance requirements are part of the mandate of the work that's being done by the assistant deputy minister's committee on student financial assistance. We are working, as you may be aware, with institutions on multi-year accountability agreements, which will include key performance indicators and indicators around student financial assistance, or student assistance in general. As well, the government has announced the creation of the Higher Education Quality Council. The council's mandate is obviously to look at improving quality in the system, but it's also to look at improving access—and access, obviously, would include the issue of affordability. The council is expected to publicly report on post-secondary performance, and a key component of that would be student assistance and the way in which that affects access too.

In summary, on the last slide, I am pleased to be able to report that the administration of OSAP has been significantly enhanced. We are committed to continuous improvement in this area. I think we can confidently report to you that there have been significant improvements in the accountability framework of the program and that the work under way will result in future enhancements that will further strengthen the program for Ontario students and families.

I thank you for your time.

The Chair: Thank you very much, Deputy. I first have Mr. Patten and Mr. Zimmer, who have both asked

to ask questions, and then, depending on their time, we'll rotate.

Mr. Richard Patten (Ottawa Centre): I have just a few questions here. The function of the committee, of course, is to look at all of the accountabilities, cash flow and taxpayers' money and all that sort of thing, but I wonder if you would comment a bit from the student point of view. This program is obviously enabling a lot of people—and they're not just kids. There are a lot of adults in their 20s and 30s who have gone back to school and who need support. But from a student point of view, just to get your perspective—it's not an accounting issue; I do have a few questions on some of the issues that you've raised—what does this mean to Ontario in terms of the eligibility of students who otherwise would not be able to go to college or university?

Dr. Steenkamp: I'll just comment in general, if I can, on the enhancements made for this fiscal year that we are in, and we can get into particular detail; I can ask both Janet and Richard to assist me in terms of particular detail around the programs.

In terms of the enhancements made for the 2006-07 year, we expect that 145,000 students will benefit from one or more of the following enhancements.

The first of those is extending access grant eligibility to students for families earning up to about \$75,000. This significantly raises the kind of threshold for the access grant. Our calculations are that about 27,000 more grants will be provided, so 27,000 more students will benefit than in 2005-06. If we look at the particulars of that program, students from families with two dependent children earning less than \$36,000 a year will be eligible for a grant equal to 50% of their tuition costs. Students from families with two dependent children earning between \$36,000 and about \$75,000 a year will be eligible for a grant equal to between 50% and 25% of their tuition costs, depending on parental income.

Another significant enhancement was the updating of the book and supply allowance for the first time in more than 20 years, and that's a very significant benefit for students. We estimate that this enhancement will benefit about 138,000 students. I'll just give you a few examples here. The book and supply allowances for arts and sciences students prior to this year, 2006-07, were \$390; the new allowances for 2006-07 and going forward will be \$600. In specialized programs, we see an increase from \$440 a year to \$1,050 a year. I can go on with the list there.

The other important thing to keep in mind here is that with these changes and with other changes that have been announced, the programs in place to continue to limit students' annual repayable debt to \$7,000 through the Ontario student opportunity grant—

Mr. Patten: Wait. How many weeks are there in a university calendar? The eligibility is based on—

Mr. Bill Mauro (Thunder Bay-Atikokan): I think it's 52.

Mr. Patten: No, it's not. How many weeks? The eligibility for a student is dependent on how many weeks there are.

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Dr. Steenkamp: That \$7,000, as I understand it, is for two semesters, and it rises to just over \$10,000 for three semesters. Richard?

Mr. Richard Jackson: It's \$10,500 for three semesters. A typical two-term semester is 34 weeks in length.

Mr. Patten: Thirty-four weeks in length. All right. So

that can go well beyond the \$7,000 limit.

Mr. Jackson: A single student on a 34-week program at maximum levels of assistance would qualify for \$11,900 in assistance. So if they were qualifying for that as a maximum loan through the Ontario student opportunity grant, they'd be getting a \$4,900 grant upon com-

pletion of the year of study.

Mr. Patten: I have two little questions in terms of the presentation you made. In terms of looking at a more spread-out cash flow of the loan, the thing that immediately comes to mind for me is, of course, that at the beginning of the semester there are higher costs for tuition, books, apartment, first and last months' rent and those kinds of things. Were you talking about equal payments or were you talking about spreading this out, so it might be 50% at the beginning of the semester and then the rest on a monthly basis? How would you see that working?

Mr. Jackson: Presently, the split is that 60% of your assistance is provided at the start of your first semester and 40% at your second semester. We would envisage a period of monthly disbursements, but that first disbursement would still be 60% of the funding, and the remaining 40% would be spread out over time. There is some variation on that, but certainly uploading at the

front end.

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Mr. Patten: The financial aid offices that are staffed: Who pays for those? Are they part of the overall program?

Dr. Steenkamp: The financial aid offices would be paid for by the individual institutions for whom they

work.

Mr. Patten: That would be part of their administrative costs that comes out of the grant that they receive every year?

Dr. Steenkamp: Yes.

Mr. Patten: Okay. That's all I had. David?

Mr. David Zimmer (Willowdale): I just have two questions. First, let me compliment you on your presentation. I get the sense that you've got a grip on all of the issues and that we're in good hands as you work through to address these issues.

My first question is on the IT side. Obviously, the plans and programs to both manage the potential of risk and then to combat the actual abuse that you find and all of that sort of stuff, and relationships with other levels of government and so on, is going to require a very sophisticated IT component. What we do hear regularly at this committee are the challenges that various ministries across the board face in getting their IT up and running and avoiding all the nightmares that you've heard about

over the years, no doubt. How are things on the IT side in this issue?

Dr. Steenkamp: I'm pleased you raised that question, because there is a major OSAP IT renewal project under way. Over the last 10 years, the OSAP program has grown very significantly in terms of funding administered, and transaction volumes as well.

The system is currently supported by a series of custom-developed application systems which run on pretty old technology, and in the fall 2002 the ministry conducted a review and came to the conclusion that there were a number of risks with respect to continuing to use that system, so the ministry has responded by initiating the OSAP IT renewal project.

In June 2004, the ministry received the overall approval to proceed with the renewal project based on a submission which went forward, supported by a strong business case. There was a budget approved with a three-year timeline, and I've had a number of briefings recently that significant progress has been made. In terms of the particular detail on the status today, I'll ask Richard to sort of give you the detail on where we're at, what the timelines look like and when we expect the system to be fully up and running.

Mr. Jackson: I can't tell you specific details of the procurement process; we're just coming to the end of that. But we had issued an RFP in the fall of 2005 to select a systems integrator and to provide us with common, off-the-shelf components as opposed to customized software packages. That procurement process is coming to an end in the very near future. We believe we've selected a successful vendor for that, and we will be working with them over the next two years to be rolling out a new computer system in March 2008.

Mr. Zimmer: That's good news. My second question is more of a philosophical question. In the last analysis, I suppose the successful management of the program, particularly the elimination of risk of abuse and then dealing with actual abuse—a large part of it is tied up with the personal integrity of the program's users, the students, and, I would argue, their families.

What are we doing, or should we be doing anything, to heighten the awareness or the idea to the students and their families, where there is abuse and the risk of abuse, that we're all in this citizenship exercise together, and in return for the assistance and so on and so forth, you have obligations as a citizen to deal fairly with the program. I know that's a pretty broad question, but I'd be interested in your reaction.

Dr. Steenkamp: I'll begin by talking about the measures that are in place, but I think you have a much broader question, which is, how does this become part of the public discourse and how do you begin to get at those issues through public discussion and raising awareness?

In terms of trying to prevent OSAP fraud by institutions and students, the key message is that everybody loses when the system is abused. So while the ministry's intention and the intention of the program is not to be punitive—if you look at the measures we have in place to deal with abuse, they are very measured, and students are given opportunities to, I would say, recover from minor abuses of the system. But we have established specific performance requirements that post-secondary institutions administering OSAP must meet, and those include, obviously, due diligence at each of the institutions in administering the program. We do audits, too, to monitor compliance. We try to make clear, as well, what the consequences are in the event that there's a failure to comply.

As I mentioned in my presentation, in 2006-07 we will be providing much clearer information to students about their eligibility for programs, and we are working on the development of a website—again, Richard would have more detail on this—that will lay out for students both the costs and the benefits of post-secondary education, including the full range of student assistance programs available to them.

We hope that site will be up and running in the near future, and I think that will begin to address two issues. I think there's probably not as much information out there as there should be about the range of programs that are available, and that probably does have some impact on the abuse of the current OSAP system. But it would also probably be a venue to start having the broader discussion that you indicate as well, because what we've discovered in research that has been done is that students—in particular students from low-income families and their families—consistently underestimate the benefits of post-secondary education and overestimate the costs. So we are in the process of looking at a campaign generally to address that issue. I do think the issue you raised is one we should incorporate as well, and talk about the impact of abusing the system and how that affects everyone involved. I'll just ask Richard to perhaps give you some detail on that website.

Mr. Jackson: As was announced in the 2006 provincial budget, the ministry will be developing what we're referring to as an access window. There will be a web portal where students and prospective students and their families will be able to go and very easily find information, specifically about the cost of post-secondary education, the benefits of post-secondary, not just the financial aid packages that are available through government but how those link with the financial aid packages that are available through post-secondary institutions, and information about employment outcomes. There will be a student assistance calculator that will provide students and their families with a relatively accurate estimate of the amount of assistance they could expect to receive when they proceed to post-secondary studies without requiring them to go through an entire OSAP application form to get that information.

We've entered into initial discussions with the Council of Ontario Universities, and we'll be expanding that to the college equivalent, the Association of Colleges of Applied Arts and Technology of Ontario—ACAATO—to work with them to develop this portal for the spring of 2007.

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Mr. Zimmer: Just one final brief question. Sometimes there's a tendency out there in the public, when we're looking at the student loan program, that everybody is running around thinking there's fraud and that people are deliberately stealing and so on and so forth. I'd be interested in your sense, when we're talking about problem loan files and so forth, of what percentage anecdotally, if you've got some numbers on it, involve actual intentional fraud, if you will, as opposed to the student's and/or their family's error, misinformation or confusion about what they're entitled to or not entitled to. What's the balance there?

Mr. Jackson: I can share with you some statistics from recent years. You've hit a really good point in terms of when it is an error of omission as opposed to an error of commission. We have investigated and placed restrictions for the academic year 2004-05 on 229 applicants for student assistance, out of a pool of 200,000, so it's not a significant number. In addition, through monitoring academic progress, which is a requirement for the program, in the full academic year 2004-05, there were 3,702 instances of students not making satisfactory academic progress, which would basically be defined as being in the third year of year one.

The Chair: We're going to Julia Munro next, and then we'll come back to you, Bill.

Just as a supplementary to Mr. Zimmer, have any charges been laid against any of the 220, where fraud was in fact committed?

Mr. Jackson: We have not laid fraud charges against any individual at this point in time. We do work quite closely with the Ministry of Community and Social Services in identifying instances where individuals are receiving social assistance and student assistance at the same time. In most cases, you're not eligible to do that. The Ministry of Community and Social Services initiates the prosecutions on that. I don't have with me today the number on an annual basis. It's relatively small.

The Chair: Thank you. Julia?

Mrs. Julia Munro (York North): Actually, I have a couple of questions that sort of go back to that issue, but I wanted to make sure I understand the information you provided earlier with regard to the amount that would be repayable on an annual basis and the maximum amount. I have here that for two semesters it would \$7,500.

Mr. Jackson: It's \$7,000 for two semesters and \$10,500 for three.

Mrs. Munro: You mentioned that an individual could have as much as \$11,000, and then the difference is deemed a grant. Is that correct?

Mr. Jackson: Correct.

Mrs. Munro: Have those numbers changed at all in, I don't know, two years or five years or anything like that?

Mr. Jackson: I couldn't give you the specific date, but the \$7,000 level has remained constant since the mid-1990s.

Mrs. Munro: Okay. That's all I wanted to know; it's been with us historically for a bit.

Mr. Jackson: We've maintained that level for at least five or six years. As student assistance levels are going up, the maximum level of debt is remaining the same.

Mrs. Munro: I have a couple of questions. Just as you finished answering the last question, you talked about working with social assistance. I just wondered if there were any legislative impediments to this issue. I take it from the comment you made that they are generally the people who would prosecute if that was going to be undertaken.

Mr. Jackson: There are no specific legislative impediments to that. Both applicants to the student assistance program and the social assistance program, as part of applying, consent to enable us to exchange information where we think we need to exchange information.

Mrs. Munro: You made reference to the fact that you were working with the federal government in regard to timeliness of both parental and spousal incomes. I just wondered if the same process was in place which would allow you to be able to work on that issue? I think it was earlier in the presentation that those negotiations had been initiated, but I just wondered, in terms of how quickly or how easily you would anticipate that both of those verifications could be done at the same time.

Mr. Jackson: With respect to having disbursements done more than twice a year in terms of what I would think would be a reasonable time frame—the role that banks used to play before they opted out of the program in 2000—we have contracted work with service providers, referred to as the National Student Loan Service Centre. The contract with those service providers was originally scheduled to end on March 31, 1996. It's been extended an additional 18 months, as there were some delays in getting the request for proposals out on the street. The work that we're doing with the existing service providers and the federal government during that 18month time period is preparing for the transition to a new service provider, because the RFP is quite clear: At the end of this, there will be one service provider. There are presently two. We know that only one, at best, is going to be successful. That will be the work on that systems front. It won't be until 18 to 24 months from now when there's a new service provider in place that we will be able to do the necessary systems work to make that

Mrs. Munro: On the question of dealing with the disbursements of the payments—and it was raised by Mr. Patten a few moments ago—have you got examples of other jurisdictions in terms of the efficacy of doing this? I appreciate that on the one hand there's additional cost to providing the funding, say, on a monthly basis or something like that, but obviously the benefits of not having the overpayments, one assumes, are certainly more important than the costs of distribution over several monthly cheques or whatever. I just wondered if you had any examples of other jurisdictions that do it that way?

Mr. Jackson: The only jurisdiction in Canada that presently does this is Saskatchewan. The test to make this cost-effective is, it has to be done as an electronic funds

transfer. It can't be students lining up every month at a financial aid office to pick up that information. We have to ensure that we've got the appropriate enrolment confirmations in place and flow the money electronically on a monthly basis. So there are some short-term systems costs to develop that.

The savings that we would envisage seeing: One is slightly less cost to government for interest on the loans, as the government is paying the interest while students are enrolled in studies; and where a student does withdraw, there's not a situation where they have an overpayment because we've up-fronted the funding. So there would be reductions in our collection activities associated with that too.

I'd just add one specific benefit for students: It would enable them to budget their funding.

1040

Mrs. Munro: Yes, not many people have to do it on a twice-a-year kind of funding arrangement.

I wanted to ask a question with regard to withdrawal of a student that you just mentioned. Do you find that there are discrepancies in the manner in which different institutions identify those students who have withdrawn? Obviously that's an issue for the institution, but from the point of view of you as the payer, I just wondered if there are problems with regard to when you define a student as in fact withdrawing. Is there some discrepancy amongst institutions?

Mr. Jackson: The definition that we apply and ask institutions to implement is, if a student has not been in classes for up to a four-week period, they would be withdrawn from studies. To answer the first part of your question, some institutions do that better than other institutions, and it's often a reflection of the enrolment-tracking information systems that they have in place. Over time this is getting progressively better, but there is still work that needs to be done in this area, as the Auditor General has noted.

Mrs. Munro: It would just seem to me that that obviously would have an effect in terms of the whole issue around overpayment, if there isn't that kind of tracking done. On the question of the ability of students to check their loans online, you mentioned also that we get into the whole default issue. You mentioned public reporting, and I wondered how timely this is. Do we have any sense of the timeliness of this kind of reporting?

Mr. Jackson: We report default rates on an annual basis, and I believe it goes back to either 1996 or 1997 that we've been publishing default rates.

Mrs. Munro: My final question, which again particularly Mr. Zimmer alluded to, was on ministry reports that you talked about. Are these on the ministry website? You were talking in response to him about the questions for which students could access the information that you're working on and providing. Will that be available on the ministry's own website for students and their families?

Mr. Jackson: Sorry, what specific information were you referring to?

Mrs. Munro: There are two: One is the reports on graduation and things like that. Then in answer to Mr.

Zimmer's question, you referred to the creation of much more extensive materials that would be available to students. My question is—the anticipation for those that have not yet been produced plus the ones that currently exist—would they all be available through the ministry's own website?

Dr. Steenkamp: I made reference to the accountability agreements. Last year, 2005-06, there were agreements called interim accountability agreements. Those will be available on the ministry website within the next week, and then on a going-forward basis, the multi-year accountability agreements which we will have with each institution will be available on the ministry website as well.

In terms of the interim accountability agreements, it was a transition year, and how we're handling that year is that if there are requests for those documents, we will provide them on a going-forward basis. It will just be a matter of practice to post those. And then in addition, the Higher Education Quality Council of Ontario will have the task of reporting on an annual basis on performance system-wide generally. They will be developing performance indicators as well and providing us with advice on performance indicators.

The challenge now for the ministry is to make sure all these things line up together, that the sort of system-wide indicators that the Higher Education Quality Council develop are reflected in some way in the institutional pieces, and then as you burrow down within institutions into particular faculties and departments, that whole culture of performance reporting is reflected. The commitment here is to be as transparent as possible and to be able to have comparable performance measures which will enable people to judge both how well the system is doing as a whole and how well institutions are doing within that system.

Mrs. Munro: I think that providing the public and, particularly, future students with this kind of information will certainly go a long way to creating that sense of responsibility on the students' part, too, that they have the opportunity to make significant personal decisions. So I think it's a really good step.

Dr. Steenkamp: If I could just add a comment there, this requirement to report on default rates, etc., extends to the private career colleges as well, because in some instances we've seen significant risks associated with certain colleges. Generally, most of the institutions in that sector are very responsible, but as you say, these are very significant personal and financial decisions for students and they need to go in knowing, for instance, what default rates are like at institutions and for programs, but also knowing how the performance of that institution matches up generally.

There is a very strong commitment in the ministry to ensure that we've got the appropriate kind of accountability frameworks in place system-wide and institution by institution so that students are very well equipped when they make those decisions. I think it's particularly important that we get working on this, because you may

have been reading in the media in the last few days about the controversy over the Maclean's rankings. I get the sense that that system is coming apart a bit, and we really want to have a made-in-Ontario approach here, which will enable Ontario students to make good choices.

Mrs. Munro: Thank you. I think that's a great initiative.

The Chair: Could I just ask a few questions while my party still has a few minutes left?

Mr. Rosario Marchese (Trinity-Spadina): You're the Chair.

The Chair: Yes. So I'm asking the questions.

Mr. Jackson, you have been involved in the policy area in the ministry for some period of time, and so were involved in this particular project. One of the problems we have in public accounts often is that the people who come in front of the committee when there is a real problem are not the people who were there when the problem was recognized and didn't fix it.

In this case, it appears that since 1997, when the first auditor's report identified the problem, there was a concerted effort on the part of the ministry to fix the problem. Perhaps you could share with us who those individuals were within the ministry.

Mr. Patten: You were there, Norm.

The Chair: I know. I'm talking about bureaucrats who actually took hold of the problem and were involved. I think you were involved from the policy area, and so some credit, of course, should go to you as a bureaucrat who has helped out in the situation. Could you just identify some of the other individuals who were involved?

Mr. Jackson: Yes, I could. Although I've been involved with the student assistance program for quite a while, I did an apprenticeship in other areas of post-secondary, starting in about 1999. The significant heavy lifting that was done on this file was done by my predecessor in this position, Helmut Zisser, and his manager of verification and compliance, Jack Santos, who now works at the Ministry of Finance, supported quite capably by the management team and operational staff in our office in Thunder Bay.

The Chair: Thank you very much. I think we should congratulate those people who have really taken a problem and helped resolve it.

I have about two minutes or three minutes left. In terms of the FAAs, are there any performance measures that we have on their ability to report to the agency which disburses the funds? Do we have any public performance record of how they're responding to people who are leaving or quitting during the term?

Mr. Jackson: In terms of financial aid administrators at post-secondary institutions, we have performance agreements with colleges, universities and private career colleges with respect to what their roles and responsibilities are in delivering student assistance. Public institutions are subject to a compliance audit on their administration of the student assistance program every three

years. We're now completing the audits for the 2004-05 academic year as we speak. Private career colleges—we've had some experience that there may be a bit more of a risk there—are subject to annual compliance audits. The results of those compliance audits are shared within the sector; we've not publicly published them.

The Chair: I really feel we should be reporting, if we could, some performance measures, as you are, in terms of publishing the default rates for institutions and programs. Perhaps that would generate greater compliance as well. However, I don't know how easy or difficult it is to do that.

Is there any warning on the application when they go through—most of the 97% or 98% of students are doing this online. Is there any warning during the process about the fact that the incomes of their parents and themselves are going to be verified? Is there a warning with regard to fraud on the application?

Mr. Jackson: There is on the application, on the supporting application guide. Applicants, if they're a dependent student, when their parents complete the application form, if they're married and their spouse is doing it, sign a declaration that is quite explicit in terms of the importance of providing accurate information and the consequences of not doing that and also enabling us to obtain information on income from the Revenue Canada agency to verify what has been reported. So I think it is fairly well publicized.

The Chair: The disbursement of funds from institution to institution is the other one I wanted to get at. There would be a tendency on the part of the institution to want to get as much money up front as they possibly could in order to make their administration, their cash flow, easier rather than forestall payment to the second half of the term, the second half of the year or whatever it might be. In terms of your proposals or what you're doing now with regard to cash flow, do you treat each institution the same or do you allow an institution to set the rules with regard to how much is going to be paid on September 1 as opposed to the second term—January 1 or whatever? It seems to me that fairness would require you to have a uniform policy with regard to all institutions in the same class.

Mr. Jackson: In terms of the total amount of funding that is disbursed, regardless of institution, the student receives 60% of their funding on day one. With respect to tuition fee payment policies, they vary amongst institutions. We do not stipulate that you have to pay 100% of your tuition fee on the first day of classes. We don't stipulate that you can pay it on a semester basis. My understanding is that most institutions give individuals the option to pay in more than one instalment.

The Chair: Is that true with regard to private institutions? Do they require all payment up front as opposed to instalments?

Mr. Jackson: I don't know the answer to that question. I can certainly report back to the committee—

The Chair: Perhaps if you could provide that, that would be of interest to members of the committee.

Mr. Marchese: Mr. Chair, for the record, we were generous with you in the questions you were asking, not because you're a member of the Conservative Party but because you are a neutral Chair who is very interested in this issue, and we wanted you to contribute in that way.

The Chair: Thank you very much.

Mr. Marchese: I wanted to congratulate you, Dr. Steenkamp, on your new position. I suspect you're fitting in rather well.

I have about six questions, some that flow from the statements you made and some from other questions that have been raised. On the issue of enhancements, you say 27,000 more students will benefit from that grant. Can I ask you, if a family is making \$37,000, what might a student get by way of a grant?

Mr. Jackson: In the 2005-06 year, when these grants were first introduced, in the family size situation that you described, if you were a dollar over the threshold, you would not have qualified for the grant. With the enhancements announced for 2006-07 with respect to the two grants that are provincially funded, at the \$35,000 level you are getting 50% of your tuition—

Mr. Marchese: Up to—

Mr. Jackson: Up to 50% of your tuition. From \$35,000 to about \$52,000, that is a sliding scale down to 25% of your tuition. From \$52,000 to \$75,000, it's 25% of your tuition. So a college student would typically be getting a \$500 grant as a result of that; a university student, more in the range of \$1,200.

Mr. Marchese: So what are the conditions that determine who gets 50%, or up to the maximum of \$3,000? What are the conditions that determine that amount? Who gets 40%, 30% and 25%? How does that work?

Mr. Jackson: It's based on the level of parental income. As parental income increases, the percentage decreases.

Mr. Marchese: How often do the federal-provincial-territorial working groups meet? Do you know that?

Mr. Jackson: In a formal situation—just a quick recap of the Council of Ministers of Education structure: Ministers meet twice a year; deputies meet twice a year; assistant deputy ministers meet twice a year; provincial student aid directors meet twice a year. With these particular working groups, those working group activities are going on on a weekly and bi-weekly basis. My staff sit on operational calls that take place every week. So there's a really good federal-provincial dialogue on a regular basis.

Mr. Marchese: With respect to the institutions in default, do you have statistics on the college level, the university level and the private college level in terms of who defaults more, and where and why? And by program, perhaps?

Mr. Jackson: We have specific default information right down to the program level.

Mr. Marchese: Is that available? Do we have it?

Mr. Jackson: It's publicly available on the OSAP website

Mr. Marchese: Do you have it with you? Can I have it? I'm not particularly excited to get on to the Web too

often, unless I have to. If you have it, you could just pass it on to me. So we have detailed information on that? Okay.

We understand from the auditor that the private colleges have a higher level of default.

Mr. Jackson: Correct.

Mr. Marchese: That's been steady for a long period of time?

Mr. Jackson: Correct.

Mr. Marchese: Are the numbers going up or down for the private colleges, or are they steady?

Mr. Jackson: They've remained relatively constant.

Mr. Marchese: Again, I know that numbers of defaults are generally dropping, but for the career colleges they haven't.

Dr. Steenkamp: Just on the Ontario student loan default rates for each of the categories, if I could just correct my colleague here for a moment, we have seen the default rates for private career colleges go down from 38.5% in 1997 to 22.2% in 2005. There's a bit of variation year over year, but I think there has been a pattern of decline with private career colleges.

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Mr. Marchese: Can I ask you, do you think that variation has anything to do with the ministry in terms of their efforts to reduce it, or does it just happen?

Dr. Steenkamp: Richard can speak to particular complaints, but I do think there has been much more rigorous attention paid to the issue of default rates in particular. I think, as you are aware, there was intimation of the issue earlier on, and some real concern about unearned revenue at private career colleges in years gone by. So more attention has certainly been paid to that sector. As Richard mentioned, they are subject now to annual audits, as opposed to the public institutions, which are subject to audits every three years.

In addition, we have been doing some work on new legislation around private career colleges. We are in the process now of completing the regulations which will give effect to the training completion assistance fund—I think that's the right title for it—which will provide students with better insurance against the possibility that an institution would go into bankruptcy or close down.

I think you have seen an improvement, although there are year-over-year variations, given the nature of the sector. If you had a big college close down or you had a particular problem, you might see a spike in any one year, but I think the trend is downwards.

Mr. Marchese: I think the auditor has talked about improvements that have been made over the last nine years or so since we've been doing some of this work. The improvements have been steady; maybe not as fast as some people would like, but the improvements are being made. I think the answers to the questions that we had have been made evident by your report.

The government talked about creating or implementing a strategy to increase access for groups like first-generation students as part of a new tuition framework. I

understand that some advisory committees may have been set up in February. Did that happen?

Dr. Steenkamp: Yes, it did happen. I'll ask Janet Mason to speak to that in particular, because Janet has been involved in the establishment of those committees, and also has been participating in that work.

Ms. Janet Mason: The Reaching Higher plan and the recommendations that were made by Mr. Rae and the budget called for the establishment of a number of advisory committees: on first-generation, francophone students, disabled students and aboriginal. Those have all been set up. The advisory committee for students with disabilities has met three times because it was—

Mr. Marchese: Since February?

Ms. Mason: No, since the time of the budget. The first-generation committee has met once. The second meeting has been scheduled.

Mr. Marchese: And these meetings are going to be scheduled regularly, every week? Every two weeks? Every three? Every four? Do we know?

Ms. Mason: No, not that often. We have one scheduled, I think, for next week; we're looking at having another one likely between then and September. So we're looking at a schedule of three or four a year.

Mr. Marchese: Three or four in the year. Do you have a sense of when you might report by way of recommendations?

Ms. Mason: The committees to date have been reporting on an ongoing basis.

Mr. Marchese: In terms of final recommendations, I suppose.

Ms. Mason: We hadn't looked at them having an end date. We had looked at them giving ongoing advice to the minister and to the ministry about improving access; improving our programs; how to disburse new funding; how to, within our existing funding, provide better services to students. I can't say how long they'll last, but it's not that they have a short-term life and then come out with a final report. It's ongoing advice to the minister on how to improve access.

Mr. Marchese: The advice that goes to the minister from these committees, is that public to us all or do we have to ask the minister or the ministry for that information? If I call you, can I get those recommendations?

Ms. Mason: Because all of the committees but one have only met once, they haven't made any formal recommendations.

Mr. Marchese: But when they do, if I call you, will you be able to give it to me or do you have to get permission?

Ms. Mason: I don't know how the committees themselves are going to decide to do that, and that would be up to the committees. I can get back to you when they have met and made that decision.

Mr. Marchese: How many students are eligible? I think there are 600,000 students. How many are eligible for a loan from the government? Do we know?

Mr. Jackson: In 2005-06, 185,000.

Mr. Marchese: For a loan. Okay. And for a grant last year?

Mr. Jackson: For a grant, through the access grants, just under 32,000.

Mr. Marchese: How many? Mr. Jackson: Just under 32,000.

Mr. Marchese: Do you have any figures on how many students have to go to the bank to borrow? Do you keep track of that? Does the ministry worry or care about that?

Mr. Jackson: We don't keep track of that. The banks don't, as a matter of practice, make their lending public. There has been a service—I can't recall the specific number. Stats Canada does a national graduate survey and has indicated—we can get that number for you, but—

Mr. Marchese: I would appreciate that, if you could.

I think, Richard, you've been here for a while. Do you have historical knowledge of what the default rate might have been in 1992, when tuition was at 22% or so, versus what the default rate is today or a couple of years ago, when tuition fees were at 40%, and now at 44.5%, more or less? Do we know that? Do we have that information?

Mr. Jackson: We don't have that. The first year we measured default rates was either 1996 or 1997.

Mr. Marchese: My sense is that if we did have those numbers, it would show that the default rate would be lower. Because students are paying more and more for their tuition fees, default becomes a serious problem. New Democrats argue that if tuition fees were low or if students were paying 20% of their overall education, they would have fewer economic problems and they would default less. I think that's the policy that we should be adopting, but that's a political remark rather than a question to staff.

As a last remark, I wonder whether the Auditor General has any questions based on the presentation and the recommendations they made.

The Chair: I still have some questions from some other members of the committee. Perhaps we can give them a chance.

Mr. Jim McCarter: Sometimes I jump in at the end, actually.

The Chair: I have Mr. Mauro, Mr. Milloy and Ms. Matthews.

Mr. Mauro: Sorry, Deputy, was it you or your assistant who was formerly in BC? It was you? And you were with the same ministry, education?

Dr. Steenkamp: A number of ministries: the Ministry of Aboriginal Affairs, primarily, but I was the deputy minister of the Ministry of Advanced Education for two years as well.

Mr. Mauro: My question is, then, you've heard since you've been here, I'm sure, a lot of discussion about this \$23-billion gap that Ontario feels exists between us and the federal government. It has support from other parties, including Mr. Sterling's—or at least it used to. We don't hear as much from them on this anymore, as we formerly did.

Ms. Deborah Matthews (London North Centre): He's still with us.

Mr. Mauro: He's still with us, is he? He's still a supporter.

The Chair: I'm non-partisan; I can't say anything.

Mr. Mauro: Until it comes to the rotation.

I'm curious if you could provide us with some sense of the relationship in terms of the funding from the feds to Ontario for post-secondary education, and the feds to BC. Have you any information or numbers on that, and Ontario's ability to provide programs like OSAP and all of these things to the students?

Dr. Steenkamp: In British Columbia, there is a similar arrangement with the federal government, where the government of British Columbia delivers the program on behalf of both governments as well.

In terms of the funding, in order to provide you with an accurate comparison, I would need to get that information for you. My sense is that it's generally the same, although through the Millennium Scholarship Foundation, which was set up by the federal government but operates somewhat independently—the Millennium Scholarship Foundation has entered into a number of distinctive programs with different provinces. So you'd have to do a comparison of what those different programs look like province to province, but my sense is that BC and Ontario have actually entered into some fairly innovative programs with the Millennium Scholarship Foundation, although they're not identical.

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Mr. Mauro: When you have identified someone who is in default—I'm interested in this income tax set-off piece. So the first order of business when someone has defaulted would be for the ministry to play a role in attempting collection efforts and then, as I understand it, the second piece of that, when that fails, would be a private collector. Then, as I understand it, the third piece is we go to the income tax set-off. First of all, is that correct? Have I got that chronology accurate?

Dr. Steenkamp: I'll ask Richard to comment on that.

Mr. Mauro: Sorry, I don't mean to cut you off, but I just need a yes or no on that part, and then I'll get to my question.

Mr. Jackson: The ministry does not really have an active role in the collection of defaults. They are verifying that the service provider has done due diligence in terms of trying to enter into a repayment arrangement with a student and then we transfer that funding—

Mr. Mauro: Sorry, can you speak into your microphone? I'm having a hard time hearing you.

Mr. Jackson: Then we transfer that accounts receivable to the Ministry of Government Services, which then turns it over to a private collection agency that's working on their behalf.

Mr. Mauro: So the ministry does little or nothing in terms of actually actively trying to collect the money. They make the determination and there's information shared.

Mr. Jackson: Correct. That's the role of the Ministry of Government Services in this process.

Mr. Mauro: When they transfer it, is it to the private collector directly?

Mr. Jackson: Correct.

Mr. Mauro: What percentage does the private collector, when they're successful, take from what they're able to recover?

Mr. Jackson: I do not know that amount. That's a contractual arrangement between the Ministry of Government Services and their collection agencies.

Mr. Mauro: I wonder if the auditor would know that number.

Mr. McCarter: Actually, I'm not sure what it is now. It's been probably six or seven years since we've looked at it. It used to be called central collection services. I'm not sure of the figure either.

Mr. Mauro: Do you know what it was when you last

looked at it?

Mr. McCarter: No, I can't recall.

Mr. Mauro: I would imagine it's significant. I can't imagine they would undertake to work for less than 20% to 30% or something. I guess my question is why we don't jump directly to this income tax set-off. There are some people who aren't working and we have no ability to garnishee a wage. I'm interested in the process, why we'd go private before we'd set up this income tax set-off piece. Is there somebody who could answer that for me?

Mr. Jackson: In the deputy's slide presentation, he made a brief remark about work that is going on at the Ontario Shared Services Bureau under a program called the revenue management improvement initiative. We are working with MGS on that front. My understanding is that they will initially do some collection activity on a pilot project basis prior to it going to a private collection agency, and we are in discussions of whether or not we should just go directly or in parallel to the income tax set-off program at the same time.

Mr. Mauro: You're in discussions—just so I'm clear—that it would stay within the ministry and/or in parallel with the ITSO or the ministry and the private. Did your comment just indicate that the private might be

completely cut out?

Mr. Jackson: I do not believe there's any intention at this point to cut out the private collection agencies on this.

Mr. Mauro: So the change was what, then? Because you seemed to indicate there was a change.

Mr. Jackson: The change is that the collection management unit may indeed do some first-level collection prior to transferring that to a private collection agency.

Mr. Mauro: So in-house. We may take back a piece before it goes private, and currently we do none of that. So I'm not sure my question has been responded to. Can you give me a reason why we wouldn't go directly to this ITSO and bypass the private collection, given that we're probably giving them 10% to 30% or 40% on private collections?

Mr. Jackson: Again, I don't know what percentages the collection agencies—

Mr. Mauro: I'm not asking you what the percentage is; I'm asking why we wouldn't.

Mr. Jackson: We just haven't done that. As I said, we're exploring that at the present time with the people at MGS.

Mr. Mauro: You're exploring it?

Dr. Steenkamp: Yes. If I could respond to this. I'm not aware of the details, but I think the whole point of revenue management is to look at exactly those questions, and we'll make the calculation about where the best return would be for government because of some of the issues you've raised.

Mr. Mauro: And that work's ongoing then, you're

suggesting?

Dr. Steenkamp: Yes.

Mr. Mauro: If we write a report on this, we would expect that that information would be included in—

The Chair: Perhaps you could provide the committee with a letter telling us what in fact the collection costs are at the present time. You should be able to obtain those from the Ministry of Government Services.

Dr. Steenkamp: Yes, we will talk to the Ministry of Government Services, provide you with the information we can and an update on the review that's under way, and the pilots that are under way as well.

Mr. Mauro: I just have one more question. The number of people who are now eligible for grants, I think, is going to be 60,000, if we're going basically from zero eligible for grants to 60,000. Is that correct?

Dr. Steenkamp: Richard, correct me if I'm wrong. We move from 34,000 to an additional 27,000? So yes, just over 60,000.

Mr. Mauro: The total will be 60,000 this year?

Dr. Steenkamp: Yes.

Mr. Mauro: Okay. I guess my question is, in terms of the percentage of people who default historically on loans before we reintroduce the grants, I would expect that the eligibility for grants now will greatly reduce the percentage of defaults that we would see. Would it be accurate for me to draw that conclusion?

Dr. Steenkamp: We hope that would be the case. We hope you'd see a decline in defaults, but we haven't had enough time, I think, to see the trend there. So we'll continue to monitor that, and we are doing the kind of analytical work on the—

Mr. Mauro: Were there ever any numbers on the—well, I don't need to get into that level of detail. Thank you, Mr. Chair.

Mr. John Milloy (Kitchener Centre): Just a brief question and a broad question—I don't know if they'll both be brief and broad.

I'm just taking a step back and thinking, if I was going to be designing a system of student loans, which is, in a sense, contingent upon the income of either the individual or their parents or a combination, it would seem, putting aside all sorts of issues, that you'd just want to work very closely with Canada Revenue Agency and almost have it run through the income tax system. So

obviously, that would be sort of if you were starting fresh or if you could remove some obstacles.

In your presentation, you talked about some of the work that has been going on with CRA and some of the work that's still outstanding. What are some of the obstacles in terms of using the system? As I say, it's a bit broad, because it would extend to other areas of government, too, that are dealing with people based upon their income. Are there privacy concerns? Are there concerns in the way CRA manages the data? What are some of the challenges and where do you see it going?

Dr. Steenkamp: I'll give the initial broad and general response and ask Richard to add detail. Again, this draws more from my experience in another jurisdiction, but privacy issues were front and centre. In fact, just getting agreement around the use of electronic signatures was a huge impediment for us with Revenue Canada initially. So there's a whole host of the usual privacy concerns.

I know various jurisdictions have explored the issue of income-contingent repayment schemes similar to the one that's in place in Australia, but the other issue we run into in a Canadian context is because of the federal system. Although Australia has a federal system too, it's actually tied at central control over education and the tax system. So it's a series of privacy issues. My own view is that you can work through all of those, that they're technical issues that just need to be worked through.

Then there are the issues we run into, if we looked at a different system, with how you would actually maintain control in an instance where students move out of province and then, in the extreme ones, students move out of country. Other jurisdictions have dealt with those issues. The research I've seen suggests that default rates under those schemes are actually higher than they are under our current scheme. It's a very interesting area. There is lots of research and there of pros and cons of each of the systems. I'll ask Richard if he could respond more specifically to, in particular, your question about what some of the particular obstacles have been.

Mr. Milloy: I didn't mean income-contingent repayment. I just meant in the sense that the whole system is based upon the income of the student or the income of their parents in terms of eligibility, and I'm putting on my sort of Tim Hortons hat, thinking, "How would you do it?" You can tick a box saying you want to be considered for a GST rebate. Well, if a student filed their income tax, or their parents, and ticked a box saying, "I'd like to be eligible for student loans," as I said, if you're designing a system, logic would say that would be the quickest way to figure out and to verify it. Instead, we have a system, the way it has evolved, where we're having to go almost cap in hand to the federal government, saying, "Can we have some statistics, or can we have some information on individuals?" Obviously, there are obstacles; you've raised privacy. I just wonder what are some of the other obstacles. Are we moving in that direction of actually—it would seem to be a lot more simple and straightforward to just basically have the data that is out there.

1120

Mr. Jackson: With respect to the data exchange, the Canada Revenue Agency is quite protective of the tax information that it has on citizens of Canada. We do have a memorandum of understanding with them that allows us to access that information, as we do get signed declarations from applicants to be able to access the tax information. So we can access it.

I think you get into an issue of the timing of the two different cycles. You would have the income tax system, people filing their returns in February, March and April, whereas student aid right now is more of a June, July and August scenario. In the case of students, we're dealing not with previous year income but current year income as a more accurate reflection of their current financial situation. I think there are some logistical timing things that would prove challenging.

Mr. Milloy: But there is work going on, obviously, in trying to address some of these. Would you use the income tax system to a better degree?

Dr. Steenkamp: Yes. On that, the focus of our work with the federal government and with the other provinces is for harmonization where it's possible. But you are right: These systems grow up over time too, and they've grown up independently of each other. It's only in the last few years that we've really attempted to integrate them. I think we have a lot of work to do on better integration and continuing harmonization. I agree with you, in terms of looking at the logic of tapping into the income tax process more effectively. The privacy issues and some of the timing issues that Richard raised are fixable issues, but they'll take some work and negotiation, and obviously quite a bit of adjustment over time.

Mr. Milloy: I know my colleague Ms. Matthews has been waiting patiently, Mr. Chair.

The Chair: Ms. Matthews, you have a minute.

Ms. Matthews: My questions are in the context of my relationship with post-secondary, which, at this stage, seems to be a pretty strong connection: I've got two kids in post-secondary; until a month ago, I was a student at post-secondary; and I represent the riding of the University of Western Ontario. So I know that the questions my constituents would want me to ask deal with issues that students care about, relating to OSAP.

I wonder if you can just talk to me about how we get information from students about how well they think the system is working because, certainly anecdotally, students would say they have a great deal of difficulty accessing the system and getting the information they need. I just wonder if we actually solicit thoughts from our clients.

Dr. Steenkamp: I'll ask Richard to talk about the specifics here, but I just want to acknowledge what an important point that is. This is all about students. What we're looking at, for instance, in terms of the multi-year agreements with the institutions are key indicators of student satisfaction. Generally, that's been student satisfaction with the quality of the program at the institution. But I agree with you; I think that needs to

take into account student satisfaction with the supporting architecture of the system as well, which includes student financial assistance.

I do know that the branch does work on gauging student satisfaction and student concerns. It's not only the responses to complaints that we get, but there is actually a proactive strategy to judge what the levels of student satisfaction or dissatisfaction are.

Richard, could you comment on that, please?

Mr. Jackson: Certainly. One of the features on the OSAP website is individuals can provide us, on a scale of one to five, in a series of questions, how they thought the service was. We tend to score about 2.7 to three out of five on a fairly regular basis.

The federal government has recently done and is in the process of doing cross-country surveys, and has engaged survey research firms to ask people what their experience has been. We've just completed a small project here in Ontario where we surveyed recipients of the interest relief program, which is a debt management program available to students, to see what advice they had on how we could improve that.

We regularly meet with student organizations and get their feedback on that process. I make it a practice personally in the fall to visit schools and talk to students in line who are waiting for their assistance—

Ms. Matthews: You're a brave man.

Mr. Jackson: They often find it quite strange that the director of student support is actually speaking to them and asking them about their experience. As the deputy mentioned, we get cards and letters.

Ms. Matthews: So what do you hear the most about? What issues do students raise that they think you could be doing better?

Mr. Jackson: I think the common thread is that there should be more funding available to students. They express concerns about actually having to wait in line to verify their identification prior to us releasing funding. This is a large system with many players, and although it works, I think, for the vast majority of students, there are people who either aren't following the steps they need to do or we make a mistake.

Ms. Matthews: Do you think we adequately address the cycles of the calendar in terms of demands on the system? Clearly, there are certain times of the year where there are going to be a lot of students wanting to access OSAP. Do we accommodate that?

Mr. Jackson: We are somewhat bound by the cycle of the academic year, so we have a peak volume over the course of the summer and the early fall, and then a subsequent peak volume in January. I should say that, through the national student loan service centre, they gear up, they bring in more staff for peak periods to handle the inquiries that will come. Their highest staffing levels are July, August and September, and then January and February, so there is some accommodation made through that.

Ms. Matthews: Do you get students asking about the way the cash flows, the relationship between when the money flows and when tuition is due and those expenses

that every student incurs not really matching up with the cash flow from OSAP?

Mr. Jackson: That doesn't seem to be a general concern. As I mentioned earlier to the committee members, 60% of the money is provided at the start of the first semester, when students are often incurring tuition costs, book costs, their off-campus housing, first and last month's rent, so we do front-end load the money.

Ms. Matthews: Do we ensure that they aren't charged for being late with their payments if the money is coming

from OSAP?

Mr. Jackson: Being charged late for-

Ms. Matthews: I think most institutions charge a fee if you pay after a certain date. There's a surcharge.

Mr. Jackson: Yes, there's a fee charged at most institutions if you pay your tuition fees after a prescribed date.

Ms. Matthews: So if the OSAP money comes after the early-bird special?

Mr. Jackson: It's somewhat institution-specific on how they handle that. I know many institutions will say that as long as you've applied for OSAP assistance by a certain date, that's the key date, not the date when the funding actually arrives.

Ms. Matthews: So which institution gets to decide

how they do that?

Mr. Jackson: Each institution sets the payment schedule—

Ms. Matthews: Can we instruct institutions to not penalize students for late cash from OSAP?

Mr. Jackson: I don't know the answer to that.

Ms. Matthews: Because if we can, we should.

As a final comment that I would just like to leave with you, I think we really have to always remember that it's the students whom we're there for, and if the students have ideas on how we could make the process more streamlined, that would be advice I think we should take pretty seriously. Thank you.

1130

The Chair: Mr. Zimmer, you have a very short question.

Mr. Zimmer: It's not even a question; just a statement. It follows up John Milloy's and your exchange about the CRA not sharing information on tax returns. I'm just going to say on the record that it really annoys me that in this age of renewed and fairer federalism, our federal government won't share information with the provincial government about Ontario taxpayers. I would urge the Chair to take this matter up with the Minister of Finance, who is a former very distinguished member of this committee.

The Chair: Boy, your attitudes have changed since January.

Ms. Munro?

Mrs. Munro: I just have one question, and it came through the questions of Mr. Mauro and Mr. Milloy. It occurred to me: Is the debt management of our students in any way significantly different than that in the community at large? I'm not sure you can answer that question, but it just seems to me that when you look at

Canadians and the amount of personal debt individuals have and things like that, are our students really that different than the rest of us? Are they better? Are we doing a better job? Are they worse? You talk about how many go through the system. As a percentage, I believe there's a fairly high percentage who simply pay it back and get on with their lives, and you don't have to deal with issues like income tax and things like that. So I just wondered if you would care to make a comment in that regard.

Dr. Steenkamp: I don't recall the sort of specific comparables, but my sense of it, whenever I've looked at this question, is very close to your observation, which is, they're not as different as we might think. While the default rates are higher, and in particular they're higher at some of the private career colleges, they're not much higher when you look at other, sort of comparable areas. I would say that. In terms of being able to give you an accurate answer on comparables, I'm not sure, but my reaction whenever I look at this stuff is, I'm actually surprised at how well the portfolio is managed, given the high volume, and how good the compliance is generally. If we look at the trend over time as well, I think we are making some significant improvements in terms of collections. If we get into a process where we provide more information to students about what's available, I think we'll also begin to address that issue generally.

There have been times in the history of the portfolio, in particular when it was managed by the banks, when default rates were significantly higher and there was a crisis of confidence in general. I think since a lot of the controls have been brought in-house, we've been able to effect a significant improvement. Student assistance is not seen as a free good—there obviously is a grant component—but I would say students take very seriously the responsibilities they have when they take out loans and understand those.

Mrs. Munro: Thank you.

The Chair: Mr. Mauro asked some questions with regard to the priority and the method of collection that we're employing. The response by Mr. Jackson was that the ministry is not involved in any of the collection processes. However, I guess the two agencies that are at the front line or the first part of it—I think one is called EDULINX, which handles the community colleges and the universities in terms of taking in the payments and notifying about the defaults that occur, according to the auditor, for 90 days. Could you, either now or in correspondence to the committee, outline what efforts they make on your behalf and the federal government's behalf—because I understand they act not only on your behalf but on federal funding as well—to collect from the former student? I think we have to know what that piece is. We're fairly clear what the federal piece is and we're fairly clear what the collection agency would do, but I'm not clear about what happens with regard to those two agencies. The other one is BPS, which handles the private colleges and institutions. I'd like to know if there is any difference between what BPS does and what EDULINX does in terms of their piece of this pie. Can

you answer now, Mr. Jackson, or would you prefer to respond in writing?

Mr. Jackson: Both EDULINX—and the company you're referring to is now Resolve, but that's neither here nor there. Both follow the same practice, as stipulated in the contract they have with the federal government. As you're aware, six months after completing studies an individual is expected to start repaying their loan. During that six-month period, they receive written and/or phone calls, outgoing calls, from the service providers reminding them that their loan is now coming up for repayment and indicating to them that if they are going to have difficulty with repaying that, we have programs such as the interest relief program, which will keep their loan in interest-free status for up to five and a half years after graduation.

At the point of consolidation, six months after the fact, if they have not heard from that student, there is another call made and then there are letters and/or phone calls done 30 days in arrears, 60 days in arrears and then 90 days in arrears. At that point, if they are unable to negotiate a repayment arrangement with the borrower, that account is then turned over to the respective level of government.

The Chair: There is no differentiation between not locating a person rather than—is there a large effort made to locate the individual by those two agencies?

Mr. Jackson: I don't think they necessarily do very aggressive skip tracing. They go with basic address information that they have and publicly available phone records.

The Chair: One other question I had: In the 2003 auditor's report, the ministry stated its goal was to reduce its default rate to less than 10% by 2005. I understand that the default rate is at 13% or more now, overall. Are you going to reach your goal or what corrective actions are you taking to reach your goal?

Mr. Jackson: That is not a current goal of the Ministry of Training, Colleges and Universities.

The Chair: What isn't? The 10% isn't?

Mr. Jackson: The goal is to reduce the default rate. We don't have a specific target.

The Chair: When did you change the target rate?

Mr. Jackson: I don't have a specific date for you, but it's 2005 and we're not at 10%.

The Chair: What rate are you at now? What is your default rate now?

Mr. Jackson: It's 16.6%.

The Chair: In the United States, we were given information that their default rates are at 4.5%. Why is there such a variance?

Dr. Steenkamp: I'm not aware of what that US figure includes, that 4.4%, but the roll-up average we have, the 16.6%, would be universities, colleges, private career colleges, other private and public institutions. So it's the roll-up of all institutions.

The Chair: What was the default rate in 2003?

Dr. Steenkamp: In 2003, the average, again, was 13.5%. As I mentioned before, we've seen a decline in

the private career colleges; we've seen some increase in the universities and the colleges.

The Chair: So the default rate has gone up in the last

two years.

Dr. Steenkamp: Yes. There's some variability. It goes up and down. There's some explanation, in particular for the increase in 2005, quite a complex process explanation, I understand. I'll ask Richard to speak to it, but it had quite a bit to do with the implementation of a new preauthorized payment program and loan consolidation. Richard, could you provide some detail about why we think we saw that spike in default rates?

Mr. Jackson: In 2001-02, EDULINX implemented what was referred to as a preauthorized payment program in which they would automatically deduct the first month's payment out of an individual's bank account when that loan was to be consolidated. There were found to be some legal concerns with respect to the adequacy of the consent that had been granted by the borrower initially to do the preauthorized payment. So from a time period from 2001-02 to August 2003, preauthorized first monthly payments were not being made. Subsequent to that date, preauthorized monthly payments have been reinstated.

The Chair: Were reinstated?

Mr. Jackson: Were reinstated. But for a time period from 2001-02 to August 2003, they did not exist.

The Chair: That would seem to work in reverse of what you're telling us, because basically you said that the default rates were better in 2003 than they are now, and so they—

Mr. Jackson: The 2005 default rate is measured on loans that were last issued in 2002-03 and then what the default experience was in July 2005 on those loans.

The Chair: Okay.

Rosario?

Mr. Marchese: I wanted to raise a question that Deb Matthews talked about in terms of students and their concerns around accessing student loans. I didn't bring that report with me from the Ombudsman's office, but I think either 80 or 180 students called the Ombudsman's office last year. I just don't remember statistically whether that's correct. Are you familiar with that report?

Mr. Jackson: I can tell you that in 2005-06 the Ombudsman's office received 182 inquiries about OSAP. That was down from 309 in 2004-05 and 303 in 2003-04. So the number of inquiries to the Ombudsman's office has actually been decreasing at a time when the number of students accessing student aid has been increasing.

Mr. Marchese: Do some of the questions raised with the Ombudsman relate to the kinds of questions that Deb Matthews was asking in terms of student concerns, or are

they a little more complicated than that?

Mr. Jackson: For the most part, they tend to get into issues about repayment and collection. That would be a more common inquiry to the Ombudsman's office.

Mr. Marchese: How do you respond to that in terms of repayment and collection? Is that something that you deal with, worry about? How does that work?

Mr. Jackson: In cases where the Ombudsman receives inquiries, they contact individuals in the student support branch and we do our best to resolve the issues that are brought to our attention through the Ombudsman's office.

Mr. Marchese: How many issues get solved by you

when they call you?

Mr. Jackson: The overwhelming majority of them. I don't have the annual report in front of me from the provincial Ombudsman's office, but typically of those inquiries, they end up investigating 25 to 30 complaints with a thorough investigation. About half the time they find in favour of the individual who has made the inquiry and the other half of the time find that we've actually done what we're expected to do. There are quite detailed statistics. You can take a look in annual reports of the provincial Ombudsman. They break down the nature of the inquiry and how it was resolved.

Mr. Marchese: Thank you.

The Chair: Auditor, perhaps you have a few questions.

Mr. McCarter: I was interested in your comment talking about the private vocational colleges. If I understood it right, where they have a default rate over 25%, they're required to step up to the plate and put some of the cash forward to help out, to subsidize the defaulted loans. Approximately how many colleges would be in that position, where they're over 25%? The second question: Have you found that once they have to step up to the plate one year, there's a fairly dramatic improvement the next year in the default rate? Have you found that to be an effective mechanism?

Mr. Jackson: I have that number.

Mr. McCarter: Even if you just have a ballpark. Are we talking about a few?

Mr. Jackson: I have the actual number. Based on the 2005 default rates, there are 25 private career colleges that will have cost-sharing obligations for a total of \$200,000.

Mr. McCarter: That's a fair amount of colleges but

the total dollar amount is not, in the total pie-

Mr. Jackson: It's not a significant amount. The average for the sector is 22.2%, so depending on how that's distributed around the mean, you can see that there's not a lot.

Mr. McCarter: I hear you. Thank you. The Chair: Any further questions?

Thank you very much, Dr. Steenkamp and Mr. Jackson, and thank you, Ms. Mason, although you didn't have a very onerous task today. We appreciate you appearing in front of the committee.

For committee members, we'll be adjourning for a few minutes while the room is cleared and then we'll meet in closed session to give instructions to our researcher for the purposes of writing a report. I will also add that there are a few sandwiches next door, if you want to grab one before coming back in. So we'll meet in about three or four minutes.

The committee recessed at 1148 and continued in closed session at 1152.



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2005 Annual Report, Auditor General: Ministry of Transportation

Chair: Norman W. Sterling

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 27 April 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 27 avril 2006

The committee met at 0946 in committee room 1, following a closed session.

2005 ANNUAL REPORT, AUDITOR GENERAL

(MINISTRY OF TRANSPORTATION)

Consideration of section 3.05, driver and vehicle private issuing network.

The Chair (Mr. Norman W. Sterling): Good morning. My name is Norm Sterling. In fact, Deputy Minister, if you look into your boardroom you might recognize a photo on the wall.

Interjection.

The Chair: The parliamentary assistant, Mr. McNeely, indicates—and I don't know this—that my photograph has been removed.

Welcome to Mr. D'Onofrio and Mr. Bartucci as well.

Deputy Minister, I see that you have passed out remarks to the committee. If you would present those remarks, and then we will ask members of the committee to question you either on your remarks or other matters they have with regard to the auditor's report on this. I'd add that this particular subject was chosen by the New Democratic Party to review, and therefore Mr. Bisson will have the first opportunity to pose questions to you, if that's his desire. No? Well, we'll worry about that after you give your remarks.

Ms. Shelly Jamieson: Thank you very much, Mr. Chair. Good morning to you and the committee members. My name is Shelly Jamieson. I'm Deputy Minister of Transportation. Joining me to my left is Frank D'Onofrio, our assistant deputy minister of road user safety; and to my right, Ernie Bartucci, who is the executive director of operations within the same division. We have other ministry staff over here. Some of these people are ministry staff over here, and I've asked them to join us. I'll introduce them as we require their assistance later

I have recently joined the Ontario public service and I'm particularly pleased to be making my first presentation as Deputy Minister of Transportation to the standing committee on public accounts. I'd like to thank you for the opportunity to report back on the Ministry of Transportation's progress in addressing the 2005 Auditor General's recommendations, specifically on the driver and vehicle private issuing network. I will focus the

majority of my remarks today on these recommendations. The Auditor General, as you know, also provided his findings regarding driver licensing, and I will touch on some of those issues at the end of my presentation.

I would like to begin by stating that I believe we've made significant progress in both areas.

It is my view that managers today must use all available tools to make sure that their business lines are relevant, current, that they have integrity and, most importantly, provide excellent customer service. Staying on top of developments, keeping an eye on changing market circumstances—being agile, really—all require constant vigilance. Therefore, the Auditor General's report is an essential tool for me and in our ministry's accountability to Ontarians.

Road user safety is one of the Ministry of Transportation's top priorities. The province's impressive road safety record is due to the determined efforts of ministry staff and our safety partners to continuously improve driver ability and behaviour, vehicle condition, and infrastructure safety.

Our ministry works with all kinds of partners, like the Ministry of the Attorney General, the Ministry of Health and Long-Term Care, the Ministry of Community Safety and Correctional Services, and of course the provincial police. We also partner with municipal police services, the insurance industry, community groups, other levels of government, and various safety organizations to make our roads safer for Ontarians.

Over to one side there, I have a visual aid that looks at Ontario motor vehicle collision fatalities from 1970 through 2003, and you do have this in your package. One of the most common ways of assessing road safety is to calculate the number of fatalities over a given period for every 10,000 licensed drivers. This is the fatality rate measure, and it's widely used in North America and around the world to compare road safety from one jurisdiction to another.

If you measure the fatalities per 10,000 licensed drivers in 2003—and those are the latest published statistics—Ontario's roads are the safest in North America. In fact, this number is the lowest since 1950. On this basis, Ontario is well ahead of our neighbouring jurisdictions: New York, Quebec, Ohio and Michigan. They ranked 10th, 11th, 19th and 22nd respectively.

Further, thanks to our aggressive anti-drinking-and-driving programs, we've witnessed declining rates in drinking-and-driving-related collisions in Ontario. In

fact, the Auditor General pointed to two ministry programs that target drinking drivers and identified their success in contributing to improved road safety. These are the administrative driver's licence suspension program—we call it ADLS—and the ignition interlock program. We know that our collective efforts must continue, but clearly our programs are working. The number of drinking and driving fatalities in Ontario fell by nearly 50% from 1989 to 2003. Since 1996, under our ADLS program, nearly 177,000 people have lost their driving privileges for 90 days. Since 2001, more than 11,000 drivers have served their mandatory suspension for drinking and driving and have had an ignition interlock condition placed on their drivers' licenses. All of this is good news for those who drive on Ontario's roads. It's also a measure of the ministry's success in promoting and regulating road user safety.

In my short time at the ministry, I can tell you that I've been very impressed by the high level of dedication and depth of the people working in the ministry. This is a team that strives for excellence. I am pleased to be able to appear before you today and report that ministry staff have made a significant amount of progress in responding to the Auditor General's recommendations. I want also to acknowledge the considerable effort on the part of staff in responding to the recommendations.

I'd like to draw your attention to the next chart that we've put up on the easel, and it highlights our progress to date. It's also in your package; I know you can't read it from there. What I'd like you to notice is that a large percentage of the recommendations have been addressed. They're identified by tick marks in the status column. We have also identified target dates for recommendations that require more time for implementation.

I'd like to focus my remarks today on the progress we've made in four key areas: first, our relationship with the private issuing network; second, customer service; third, contract and compensation; and fourth, stock management.

I'll begin with our relationship with the private issuing network, which dates back to 1917. It's been a very long relationship. Since the Auditor General's report, I think we've taken significant steps to create a more positive, long-term partnership. Here are a few facts. Approximately 280 issuing offices are located in rural and urban communities across the province. Services provided there include driver licence renewal and replacement, registering vehicles, issuing validation stickers and licence plates, and providing used vehicle information packages. Issuers process about 18 million driver and vehicle transactions annually on behalf of MTO. These offices process 85% of all vehicle registration transactions and 55% of all driver licensing transactions.

When customers walk through the door of an issuing office, they care about and deserve service that is fast, efficient and gets them what they need. These offices are in fact the face of the Ministry of Transportation. Our issuers need to have up-to-date information and the tools to do the job. We need to provide them with these tools

in a timely fashion so that they can provide excellent customer service on our behalf. It's that simple. That's why improving this partnership is so important to us. As we will show you, we're doing this by clarifying roles and responsibilities and enhancing communication.

For example, since the auditor's report, we've established two joint committees with the issuer's provincial association, called the Ontario Motor Vehicle Licence Issuers Association. The first committee is a strategic planning committee that's examining long-term business initiatives and possible improvements. The second is a policy and communications committee, focusing more on operational issues that affect issuers.

Through these newly formed committees, we will continue to engage the broader network, improve decision-making and resolve issues. We are very, very committed to ongoing direct communication and outreach with individual issuers. From my perspective, the discussions that I've had reported back to me have been promising.

I'm also pleased to update you on improvements we've made to the services we provide to issuers through our call centre. We have implemented a new training program for call centre operators. New operators are now trained by experienced operators and teamed with a trainer partner for ongoing support. Call centre staff are also provided with online tutorials, a reference library and a detailed training manual.

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The auditor noted that 51% of calls made by issuers to the ministry's call centre were being answered within two minutes. Clearly, that's not good enough. This new program is providing more timely responses to issuers' questions. Currently, more than 70% of all calls are being answered within two minutes. We're not yet at our target of 80%, but I'm confident that we will achieve it. That means better and faster service for customers.

We've also taken steps to address fraud prevention. Between October and December last year, the ministry trained 226 issuers in 11 sessions across, I believe, nine communities in the province. We focused on: current fraud trends, including customer fraud awareness; recognizing fraudulent documentation; process and system integrity; and stock inventory management. These sessions were really well attended and, from the feedback we got through our formal process, quite well received.

We agree with the Auditor General that the completeness, accuracy and validity of records is important. Protecting the integrity and confidentiality of the information entrusted to our stewardship is critical. During the training sessions, we also addressed the protection and appropriate use of ministry information, things like names, birth dates, information relation to collisions, convictions and suspensions. We stressed our zero-tolerance policy on the inappropriate use of personal information on the licensing control system.

Now I'd like to address the Auditor General's comments regarding our contract and compensation arrangements with the issuers. Small operators in particular have told us that providing service in their area does not always provide enough compensation to make it worth their while. Staffing, training, rental costs: These things all add up, and we have empathy for that. We are sensitive to the concerns about rising costs. Compensation is important, and we want to make sure we get it right.

We've taken action to address this issue. This March, we established a guaranteed minimum compensation program for small driver and vehicle licence issuing offices with annual compensation under \$10,000. These offices can apply for top-ups to bring their commissions up to \$10,000. The first cheques in this program went out last month.

I'd like to draw your attention to the chart that's been put up over there called "Total PIN Commissions." What you can see from this chart is that in 1998, we transferred 17 new items to the issuers. Essentially, we expanded the product list of transactions they could make on our behalf. This resulted in a 30% increase in total network commissions earned by the private issuers. When you look at the chart, in 1998 it was about \$30 million, and in 2005 the total commissions paid to PINs by the government were over \$40 million. We are exploring ways like these, other ways, for issuers to increase their revenue, as well as conducting a pilot project to study the viability of flat-fee compensation.

The Auditor General recommended that we create a consistent contract for all issuers. Currently, there are two kinds of contracts in place. One is the 1982 memorandum of agreement, or MOA; it covers 230 private issuers. The second is the 2001 private issuer agreement, or PIA. It covers the remaining 51 offices.

It's fair to say that the ministry has become more experienced in writing these kinds of agreements over time. We've been able to apply lessons learned, such as laying out our expectations, creating performance measures, remedies for addressing differences, and setting firm expiry dates. In fact, it was in response to the 2001 Auditor General's recommendations that PIAs were created. They better reflect the roles, responsibilities and performance expectations of both the ministry and the issuers.

We do need to migrate all issuers to the new contracts, but this has its challenges. We are in discussion with the issuers' association about both contract and compensation issues. We are looking for fair solutions and positive outcomes.

As we approach the 90-year mark in the cornerstone partnership between the issuers and the ministry, we want to provide the best possible service to each and every customer who walks through the door. I think you'll agree that we've made a tremendous amount of progress, and we're already seeing some results.

The fourth area I want to cover today is effective stewardship of government stock. The Auditor General found a wide variation between offices as to how inventory was managed and safeguarded, which led to what appeared to be a large number of missing items. I can assure you that we've conducted a thorough investigation of all missing and unrecovered stock identified by the

auditor. We have reconciled 94% of the missing stock. The balance of unaccounted stock represents 0.004% of the total stock distributed by issuers over a four-year period. All unaccounted stock has been reported to the police.

To address this concern, we have made significant improvements and have clarified our expectations and the issuer's obligations for safeguarding inventory. As I mentioned earlier, recent province-wide training for issuers focused on business integrity. It focused on fraud and stock inventory management as well. We've also implemented a modern, aggressive and stringent audit plan. Our plan consists of an improved, multi-pronged approach to enhance controls over the stock system. It includes written instructions to issuers regarding their stock management obligations. It also includes daily reporting of missing stock items and a review of these reports by senior managers. It includes an improved internal tracking set of controls. It also includes reporting unaccounted stock to police and, importantly, sharing the information regarding both stolen and missing stock with Canadian and American jurisdictions.

We've implemented a redesigned and enhanced, risk-based audit methodology to effectively address financial, stock and licensing control system issues with the issuer network. By April 2007, the ministry will have commenced audits in every issuing office across the province.

Members of the committee, I hope you'll agree that we've made great strides in addressing the Auditor General's recommendations in the driver and vehicle private issuing network audit. We want to assure you that we are fully committed to continuing our progress.

I recognize that we are not here today to specifically discuss the other chapter in the audit, on the driver licensing system, but I think it would be a good idea to provide a brief overview of the considerable progress we've made in addressing the recommendations in the report. Some of the key areas identified in that section by the Auditor General included:

—standardizing the list of personal identity documents for Ontario's drivers, specifically when they're getting a driver's licence;

—reaffirming road user safety policies and procedures regarding senior and young drivers, high-risk drivers and the demerit point system; and

—protecting driver records and ensuring accuracy in the way MTO records and maintains them.

I'll begin with the security and integrity of driver's licences. MTO exercises a high degree of due diligence and rigour in reviewing documents for the purposes of identity verification. At this point, I would like to set the record straight regarding what was previously accepted as identification for obtaining a driver's licence. I would like to clarify that wholesale retail store cards were never accepted as a stand-alone piece of identification, an impression left by some reports. These cards were only accepted as secondary sources to confirm applicants' names. In any event, recent changes to the system have precluded this from ever being an issue in the future.

This January, Ontario became one of the very first jurisdictions to adopt a newly developed North American standard for identity verification. The list now only includes secure documents such as passports, citizenship cards and immigration documents. The full list is available on the ministry's website and at drive test centres. If an applicant cannot meet the proof of signature requirement with the items listed, they may provide a signed declaration of guarantor. This is a recent addition to the system.

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When it comes to keeping our roads safe, we're trying to identify drivers who are at risk, while actively working to allow safe drivers of all ages to continue driving. We take this issue very, very seriously. We have a multifaceted approach that we believe addresses the issue of safety for all drivers. For example, Ontario law requires doctors to report any person of driving age who is medically unfit to drive. Ontario's mandatory senior driver renewal program provides seniors with training on aging and driving. The average fatal collision rate for drivers aged 80 and over has decreased by almost 50%. We also require that drivers aged 70 and over be retested when they are charged and convicted of an at-fault collision. Finally, we're participating in a national study on evidence-based medical testing for seniors at risk, and we consult regularly with other jurisdictions on driver fitness

Suspended drivers should not be on Ontario's roads. We are working with other jurisdictions to assess the impact of suspended drivers on road safety. Ontario sees court convictions as the best indicator of improper driving behaviour and drivers who are most likely to be a threat to other people on the road. We are supporting MADD Canada's follow-up research study on the involvement of suspended drivers in collisions. This study will examine the collision risk of drivers suspended for serious offences such as drinking and driving.

The Ministry of Transportation understands that road safety is of paramount importance to the people of Ontario. I'd like to reiterate: We have the safest roads in North America because the Ministry of Transportation and its many partners are committed to road user safety and security.

Mr. Chair, I'd like to thank the Auditor General for the thoroughness and thoughtfulness of his report and his recommendations. I want to assure you that we take the recommendations seriously and we intend to continue addressing each of them. I'd also like to thank the committee for the opportunity to present these remarks.

We would be pleased to take your questions. Thank you.

The Chair: Thank you very much, Deputy. Could I just have one point of clarification? With regard to the annual compensation of those under \$10,000, how many issuers of the 280-odd issuers did this affect? What was the total number? Well, we can just multiply it; if it was 17, it would be—well, no. What was the total amount of money that was expended on those making up to the \$10,000?

Ms. Jamieson: I'm going to ask Mr. Bartucci to answer.

Mr. Ernie Bartucci: Thank you, Deputy. For the year that we assessed, Mr. Chair, it was 11 issuers that earned less than \$10,000 in commission and the stipend that we topped up.

The Chair: So it would be less than \$100,000 that was paid out in total, because I think the lowest was \$3,600, so the largest cheque would have been \$6,000.

Mr. Bartucci: That's correct.

The Chair: So it might have been less than \$50,000 that was paid out in additional compensation.

Mr. Bartucci: I trust the auditor's math. Yes, I would accept that.

The Chair: Mr. Bisson?

Mr. Gilles Bisson (Timmins-James Bay): I've got a couple of questions. I was interested in the comments you made about the issuance of driver's licences, because that's becoming more and more of an issue for most constituency offices in the province, I think, with the move to the private delivery system. A couple of general comments, and then if you can have people respond to the questions I'm going to raise. I'm just going to put them out there, and after that we'll go from there.

The overall complaints we have are on a couple of things. First of all, scheduling and being able to get an appointment to go for your driver's test has become much more difficult than it ever was in the past. We've got instances, for example, where people have confirmed that they were going to have an appointment on such-and-such a date, and then they go to the particular office for their driver's test and they're told, "Oh, no. That was a mistake." And then they make the person reapply for another date and make them pay a second fee, which I think is wrong and shouldn't be done. A couple of cases like that have come to our constituency office. The other issue is just sometimes, for people trying to get their driver's licence, the time it takes to get an appointment. It seems in some cases to take very long.

I'd like to hear a little more about what the ministry is doing to resolve those two issues. It seems to me that when the ministry used to do it themselves it was a heck of a lot faster. You walked up to the MTO office, you got an appointment fairly quickly and away you went. Now you seem to have to wait a lot longer. Could you share whatever stats you have and what you're doing to address the wait times? Second is the policy on when there's a mess-up on the part of the contractor about the appointment. Why are they allowed to re-charge the constituent for a fee they've already collected for a mistake they made messing up the appointment?

The other big problem we have is when a person needs to get a specific licence. For example, there may have been a medical reason the person lost their licence and they've got to go back for a driver's test for a licence that's more than just a normal driver's test. It's really hard to find people to do that. We're having to send people down to Sudbury from Hearst, or down to New Liskeard. Those seem to be about the only places we can

get that. Why is it that the ministry doesn't take up the issue of trying to find a way to provide those services closer to the community?

Let's start with that and see where we go.

Ms. Jamieson: Thank you very much for the questions. I'm going to begin with the first one, the scheduling and the fee. My first reaction is that nobody should ever have to pay for a service they didn't actually get. You're absolutely right: Someone shouldn't be charged twice.

Mr. Bisson: I'm raising it because another colleague of mine raised the same thing. We threaten to come into the House and ask a question, and they don't want that, so they fix it. But there are probably a lot of people who don't come to our offices and end up paying the fee. I know of at least three cases where that's happened.

Ms. Jamieson: In a moment, I am going to turn the question over to Mr. Bartucci, but with regard to the length of time since the transfer to the private issuer network, average road test wait times have been reduced by more than 30%. That's average; that's across the province. We think that's a credit to the new system. Obviously, the experience you're speaking about is different. You feel that people are waiting a longer period of time.

Mr. Bisson: A supplemental question as you're turning it over: Are we finding that in larger urban centres we're getting better times and it's worse in smaller rural centres? Is that what I'm getting? Do you have any stats?

Ms. Jamieson: Mr. Bartucci?

Mr. Bartucci: Thank you, Deputy. I don't have here, but we can certainly get for you, the specific stats for each of the 55 driver exam centres throughout the province. The contract we have with Serco DES does not differentiate or distinguish. Their service standard is consistent across the entire network. That's the expectation we have and that's the expectation that we expect they live up to.

Just building on what the deputy said, as you may be aware, we recently changed the requirements, where an applicant has to actually pay for their road test as they're making their appointment. A confirmation number should be provided and proof of payment should be provided. We will certainly go back to Serco and ask them to audit their system to ensure that it's not a glitch or a problem that you've identified. I would invite you, if you could, to give us those specific instances as live examples, and we will certainly make it right.

Mr. Bisson: We'll pass those on.

Could you provide for me and the rest of the committee—it should be fairly easy to pull it out of the ministry—how much we spend now on the contracts versus how much we used to spend when we did driver testing ourselves? Can you guys get that fairly easily?

Mr. Bartucci: If I may carry on, Deputy, the way we structured the concession agreement with Serco is that they paid a lump sum to the government and any revenue they earn from driver exams they retain. As you may recall, for \$114 million, they were awarded a 10-year

concession. The revenue that comes to the province relates to the first-time licensee who pays \$75 for a licence card. Because at the time of the contract only \$50 was the prevailing rate for a five-year driver's licence, \$25 of that reverts to the treasury of Ontario, so they don't keep that money. So it would be difficult for us to tell you how much it costs to provide driver exam services. It costs us a lot less, obviously; we don't do it anymore. We have overhead costs for oversight of the contract, but the revenue collected is retained by the operator.

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Mr. Bisson: How many offices did we have prior to going to this system? We've got 55 now. How many offices could you go to before?

Mr. Bartucci: In fact, the contract required that Serco maintain the same offices. In addition to the 55 fixed driver exam centres, I believe we have 39 centres where we provide intermittent service—once a week, once a month, depending on the community, depending on the need—in addition to the full-time open facilities, and they have maintained those numbers.

Ms. Jamieson: May I respond to the medical question?

Mr. Bisson: Go ahead.

Ms. Jamieson: I just want to make sure we circle back to your second question, which was the medical testing and people having to drive farther in the north. That was your question?

Mr. Bisson: Yes. What happens is that a number of the people who do the testing are not qualified to carry out the driver's test that has to be done for this particular licence. I can look up the specifics for the next round. Is there any attempt to resolve that? We don't get a lot, but we must get about three or four or five of those a year where we have to call around almost everywhere to try to find somebody who will actually do the test.

Mr. Bartucci: If I may offer a response, let me paraphrase the question back, if I may, sir. This is a situation where someone is suspended for a medical reason and there is a requirement that they be evaluated by an occupational therapist to determine whether they have overcome the medical condition in the first instance or can drive despite that medical condition being present. We attempt to negotiate arrangements with occupational therapists throughout the province and we are ever diligent to do that. Unfortunately, I don't have with me the number of occupational therapists that we have under contract—or that we make available. I should correct myself: They're not under contract. We have a list and we direct drivers to those occupational therapists who provide a program that we've certified and acknowledge their expertise. They recommend to us that the driver has overcome or is still challenged by the medical condition.

Mr. Bisson: But those are two separate issues. There's the issue of the actual assessment of the medical condition, which is key to getting the driver's test to going back with your driver's licence. For example, it's the AZ licences etc. For some reason, they don't do them

everywhere. That type of road test is not done everywhere. I'd have to go back and look at the specific files to remember. I'm going by memory. But it's like you have to through specific training to get back that particular licence, and it's not offered very many places. Then there's the actual test, which is an issue as well.

Mr. Bartucci: I regret—if you could elaborate on the first part of your question. I don't believe we have a—I know we do not prescribe a certain level of training for a commercial licence that you described, an AZ or a BZ. You can present at Serco for a road test, and if you're successful you earn that class.

Mr. Bisson: Do they do the testing for all the various forms of licences?

Mr. Bartucci: The short answer is yes. They do all the tests we did and they do them at all the facilities where we did.

In 1999, Ontario was confronted with a significant backlog, you may recall, as the graduated licensing system was reaching its five-year maturity. So the ministry, which was doing the business at the time, added a number—a dozen or so—driver exam centres that were focused exclusively on the G licence, because that was the graduated licensing system and that was the backlog. Save and except for those, they do provide the tests at the same places that we did.

The only thing I would add to that, sir, is that back when we first introduced classified driver licensing, I believe in the early 1990s or late 1980s, we set up a program that allowed community colleges to train and test drivers at those classes of licences. We also provided the opportunity for companies to train and test their own drivers. So you'll get a Labatt or a Molson or a Home Hardware, or you'll get the TTC, for example, that have been authorized by us to train their own drivers to a standard and indeed test those drivers and then come to us with their successful results and we'll provide a licence to them.

Mr. Bisson: The other question, the last one on that line, is that when the 55 centres provide services where they are now and they go into the smaller communities with their half-day or full-day clinics or whatever it might be, is there a requirement for the level of service that they need to maintain? Is there any kind of check and balance to make sure that the need in the community is being met by the service that is being provided? Because that's the other place we get complaints.

Mr. Bartucci: There's a dynamic there for sure. As a service delivery partner, we are sensitive and they are sensitive to the needs of the community, so we do in fact approach them—

Mr. Bisson: But my point is that from the community perspective—Hearst and a few others that I've had to deal with—that's not their view. Their view is that they're not being properly serviced and are constantly having to fight to get the proper level of service to match the need in the community. My question is, what mechanism do you have within the ministry to make sure that happens?

Mr. Bartucci: Our mechanism is twofold. We require under the contract that they provide the service at the same communities that we did. As the ebb and flow of applicants change, we do discuss with them whether they should increase or decrease the level of service at certain communities. Whenever we are confronted or approached by communities that believe they are underserviced—obviously, they never tell us they're overserviced—we encourage a conversation with Serco and the community, and we monitor that conversation. Our first attempt is for Serco to try to find a solution with the community. If we find that's not working, we will participate in that discussion, but we—

Mr. Bisson: I hear what you're saying, but that's not quite what I'm asking.

Mr. Bartucci: I'm sorry.

Mr. Bisson: Do you have a mechanism other than a complaints-driven mechanism to monitor if the amount of service being provided in particular communities meets the need? What seems to be happening is that it's on a complaints-driven basis right now.

Mr. Bartucci: As the deputy just suggested, we monitor the demand in terms of the level of service that we expect them to provide. In other words, applicants must get a road test on a timely basis, so if in a community there is a fairly high demand for road tests and they're failing to meet the six-week or 42-day limit, then we would probably require that they either make more frequent visits or increase the number of staff that attend the visits to meet their commitment.

Ms. Jamieson: I have a meeting coming up with Serco. I'd be happy to put this on the list. You can imagine that over time the population would have changed.

Mr. Bisson: How much time do we have before that? I'll get Hearst and the other communities to give me letters with specifics. By when?

Ms. Jamieson: I've got two or three weeks on my calendar. I'd be happy to bring it up with them. It's a good point.

Mr. Bisson: Okay.

Mr. Jean-Marc Lalonde (Glengarry-Prescott-Russell): First of all, I want to commend the ministry for having put together this training program. It's been wanted for years, and finally we got it going.

I've got three questions. First of all, you referred on page 5 to the call centres being answered within two minutes. I'd like to know who operates those call centres. I fully agree with you that two minutes, when you're waiting on the phone, is a long, long time to wait. That is probably an average of two minutes.

My other question is, at the present time, I've seen people coming into my office applying for their birth certificates. People are saying that the PIN offices or the issuers are asking for the birth certificates. I didn't question that, because we know how much fraud has been going on and it's just a fact that to renew your driver's licence, sometimes it takes a little bit of time. Now it's a lot better than it used to be, but in the past, it was taking

up to six months to get a birth certificate. Is it a must to have a birth certificate to renew your driver's licence?

My last one: I should say on the \$10,000 space that we are giving to the small operators that it only cost the government approximately \$39,000 in 2005-06. That was the cost to increase it to \$10,000. You mentioned that we transferred 17 new transactions since 1998. We increased our commission to the operators by a little over 30%. What I'd just like to know is, in those 17 new transactions, how many total transactions occurred in those PIN offices? You could have 17 new ones, but one transaction could mean hundreds of thousands of transactions. How many additional transactions? I'd just like to know when was the last time we gave an increase? They're not paid by commission. They're paid so much per transaction. I'd like to know when was the last time that we increased the commission for each transaction. 1030

Ms. Jamieson: I'm going to begin with the call centre. You're quite right. If you've ever phoned somewhere and been on the phone for a long period of time, and then maybe not gotten the answer, it's a frustrating experience. Our issuers were faced with calling our call centre, which we run to answer questions to support them. They had a customer standing right in front of them, waiting. It wasn't a good situation. Public and private issuers expect high levels of customer service, and we had to make improvements on that. I think we have, because we've been training these call centres and we've given them the tools.

We're also doing things like looking at the same kinds of issues that are coming up everywhere and trying to make sure that everybody's getting that answer. We're doing our best, but—

Mr. Lalonde: But the call centres are not run by the private sector.

Ms. Jamieson: No, they're run by us. The Auditor General rightly pointed out that we had some work to do to make them more effective in supporting the issuers.

The issuers are our partners in this. One of the things that's kind of interesting, because I'm new to the file—I read the Auditor General's report, I also read media coverage and I came to the ministry and learned about these issues that had come out of the recommendations—the issuers are our partner in a chain of events. There are some things that are our responsibility. There are some things that are the issuers' responsibility. I'm sure we're going to talk about stock later. There are some things that are the responsibility of people who supply stock.

There seems to be an unfair tilt, in my view, toward blaming the issuer network for things that go wrong. We fully understand that the call centre is something that we run. We have to run it well. It's in support to our partner, who wants to do a good job on our behalf. As I said in my opening comments, when people come up to the desk, they think they're dealing with the Ministry of Transportation. That's what we wanted, a seamless kind of thing. We have to provide the issuers with the support they need to do an excellent job.

Do you want to talk about call centres?

Mr. Bartucci: I'd be delighted to. Thank you, Deputy. In addition to the comments the deputy made, I just want to add the following: Our call centre is run in Kingston, actually. We call it hotline. It services both the private issuer network, the 281 or so offices, as well as the Serco community, in terms of providing technical support. procedural support, password reset and so on. We have, as the deputy said, made some important changes to the way that we provide those services. For example, we've adjusted the hours of work so that more staff are available when the issuers are open, including evenings and weekends, of course. One of the concerns that the Auditor General heard when his team had interviewed and had questionnaires with the issuers was that there was conflicting information received from various operators. We've clarified that. We allow the issuer now to go to a supervisor to get a best and final answer, if I can use that term. We've done these things.

We've also implemented, in the last year or so, technology on the telephone system, so that we're learning from the nature of the calls. As the operator concludes the call on the IVR, he or she notes the nature of the question, the nature of the call, and we use that to both improve our training for our staff, and clarify the documentation that is produced for the private issuers, as well as improve information sources like the web page or information newsletters that we put out to clarify. If customers are coming in with the wrong documents, if there's some confusion or unnecessary complexity in the transaction, we garner that information from the IVR system and we use it in our training throughout the process.

Ms. Jamieson: I'd like to move on to your second question, if I may. I'd just like some clarification: Are you talking on renewal of a driver's licence being asked for a birth certificate? Is that your question?

Mr. Lalonde: Yes, that is right.

Mr. Bartucci: That is not a requirement that we have. I think the requirement that we've imposed—and again, Mr. Lalonde, if someone is coming with an existing driver's licence, that should be proof. We require proof when anyone comes in to do a transaction with us. That's a fairly recent clarification of the requirements. If an individual is coming in to do a driver's licence renewal, we will ask for proof. The issuer has available to them, or our Queen's Park office has available to them, the driver's file. With driver's licence number, they can call up the existing picture on our records to confirm that that is the applicant. If the driver's licence is submitted or is available and tendered with the renewal, there should be no reason-as far as I understand it, there should be no requirement that a birth certificate be tendered as subordinate proof or additional proof.

Mr. Lalonde: Because there's no picture or signature

Mr. Bartucci: The birth certificate only validates a date of birth; that's correct.

Ms. Jamieson: And then your third question was with respect to the 17 new products and actually how many

new transactions—specifically, are you looking at the total growth of transactions in the system or just to do with the 17?

Mr. Lalonde: Those 17.

Ms. Jamieson: I don't have the answer here. Mr. Bartucci: I do have a list, Mr. Lalonde.

Ms. Jamieson: Could we circle back and get back to you? We'll do it, I think, right now, but maybe we'll move on with questions.

Interjection.

Ms. Jamieson: Okay, thanks.

The Vice-Chair (Mrs. Julia Munro): Thank you. Ms. Matthews.

Mr. Lalonde: I didn't get the answer to the last one. When was the last time that we increased—

Ms. Jamieson: Oh, I'm sorry. The last time we increased—

Mr. Bartucci: The last time the government of Ontario increased the commission across the board for all private issuers was in 1997.

The Vice-Chair: We'll move to Ms. Matthews.

Ms. Deborah Matthews (London North Centre): I have three areas of questions, so why don't I put them all out and you can answer them in whatever order suits you. The first one: I just want to get my head around this issue of 230 issuers on the old contract and 51 on the new contract. We're trying to get everybody into the new contract, but that has some challenges because of the wording of the original contract.

Ms. Jamieson: Correct.

Ms. Matthews: I just want to understand. Is the old contract with an individual or is it with an entity? When would we expect them to naturally terminate?

Mr. Bartucci: The contract—

Ms. Jamieson: She's going to give us all the questions.

Mr. Bartucci: I'm sorry; you're going to give us all the questions. Excuse me.

Ms. Matthews: I just wanted to understand how difficult this migration challenge might be and how long it would take to resolve itself.

The second question deals with something that hasn't been raised. Given the very sensitive nature of the information that is available to employees of the PINs, I wonder what we do in terms of screening employees. I think it's especially important given that we understand it's a job where there are a lot of new people coming in and out and it's a relatively low-paying job for most. I just wonder how we screen the employees who have access to that kind of information.

Third—as I said, these are all quite unrelated—I want to get back to the fatality stats that you discussed. I guess the first comment I would make is that if we talked about fatalities per 100,000 licensed vehicles in Ontario, the graph would look even more impressive in terms of the decline. So maybe we could talk about that.

I wonder if you have any information about why the fatalities have declined so dramatically. How much of that is, say, for vehicles, alcohol, drinking and driving,

seat belts? Why have we seen such success and, more importantly, how can we further improve those statistics to be not just the best in North America—obviously we still have higher fatalities than some other jurisdictions.

Ms. Jamieson: Thank you for your questions. Let's begin with the last one first. I think you're right; when you're number one, you have to run hard to stay in first place. I had some of the same questions when I first came. Which of our things is making the biggest impact? You know what? The answer is actually all of those things in combination. Sure, it's how cars are made, but these cars are sold all over North America. The same cars are on the roads in other jurisdictions, so I'm not sure that can help us describe the difference.

I'd like to turn this over to Mr. D'Onofrio to talk about how we got there and what we need to do to stay there.

Mr. Frank D'Onofrio: Thank you for the question. Your first point about which denominator to use, in effect, whether it's drivers or vehicles: We prefer to use number of drivers as the denominator for—

Ms. Matthews: I think on the graph you showed us it's just fatalities; not per anything, right? It's just the raw number.

Mr. D'Onofrio: I think the chart was fatalities per 10,000 licensed drivers. So it is a rate. You could put it back up.

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Ms. Matthews: That's just fatalities, right?

Mr. D'Onofrio: Right, that is number of fatalities. That's absolute number of fatalities.

Ms. Matthews: Which I'm saying, given the increase in the number of drivers on the road, understates the success.

Mr. D'Onofrio: Yes, absolutely. If we track it by rate in terms of number of vehicles, or more importantly, we like to base it on number of licensed drivers because that doesn't change as much as definitions for registered vehicles, for example, then we see a very similar trend. We're down to 0.97 per 10,000 licensed drivers. So it's quite an impressive rate.

To your more specific questions about why such success, as the deputy identified, we look around and compare ourselves to other jurisdictions across North America, specifically in the US and Canada. Given that vehicles are more or less the same, the same type of vehicle stock across those jurisdictions, we point to some of the things that we're doing with our partners—enforcement, safety organizations, the MADD Canadas of the world and so forth—in working on very specific programs and the many programs that Ontario has implemented. We were the first, for example, to implement the graduated licensing system—the first in North America.

We were one of the very first to implement mandatory seat belt laws. You mentioned seat belts, and I'll get a plug in for seat belts. It's the single simplest, more important thing you can do to protect yourself in a motor vehicle. We know that even though our use of seat belts in Ontario is upwards of 90%—the latest statistics show

that we're close to the very top in Canada—unbelted individuals are overrepresented in the fatalities. About a third of fatalities were unbelted. That's absolutely criti-

cal, so our performance on that front is valid.

Drinking and driving, absolutely. The rest of the country speaks to, on average, about a third of their fatalities involving drinking and driving. In Ontario's case, it's less; about a quarter. It was 217 out of 831 fatalities in 2003 that involved drinking and driving. We have to do more, obviously. That's still a very large number but we're making progress.

Safer vehicles, absolutely. Programs: We have blitzes with the police; we have fall and spring seat belt campaigns; we work with other organizations to promote

education, which is very keenly important.

Ms. Jamieson: Car seats.

Mr. D'Onofrio: Yes, and most recently with the new legislation requiring booster seats and stiffer penalties for child safety seats. Those are all the types of things—and I shouldn't forget about truck safety. We've made tremendous improvement. Despite the growing number of trucks on our roads, the rate in terms of collisions and fatalities is going down in the same way.

Ms. Jamieson: If I may, before we go on to your other questions, we've put another graph up there, because we can even look at how we're doing compared to jurisdictions around the world. That red bar is Ontario, the yellow bar is Canada, and this is fatality rates per 100,000 registered vehicles, which is OECD data. That's the only way we can measure it. Norway and Sweden come first and second and Ontario is proudly there as third.

I would like to take this opportunity to say that one of the great delights for me in joining this ministry is meeting people like Frank D'Onofrio. This is arguably a national treasure in road user safety. I was in Ottawa this week meeting my deputy counterparts and I think they all want him.

Mr. Bisson: What does that mean?

Ms. Jamieson: That they all want him? They would like him to work for them. Frank has a huge reputation and, as you can hear from his answer, a big passion for road user safety. So I'm very fortunate. We all are.

Your second question had to do with whether the contracts with the issuer network were individual or entity contracts. That's why you're talking about the transition

process and the difficulties that we have.

I just want to say, you don't have a 90-year relationship with anybody without having ups and downs. So 90 years is actually a success story, I think. But it's important that we keep working at the table together as opposed to some kind of heavy-handed approach. So the transition is difficult. We'd rather do it on a voluntary basis and we'd rather make it worth people's while to migrate to a new contract. We're not issuing any of the old contracts. We're moving over time and in the last couple of years we've gone from 35 to 51. It's moving the right way. It's important to us, but we want to do it in a fair and respectful way. I think I'll ask Mr. D'Onofrio to answer the rest of the question.

Mr. D'Onofrio: Thank you, Deputy, for your kind words. You have the numbers absolutely correct. It's 51 under the new contract, which dates back to 2001, which was at least partially in direct response to the Auditor General's report at that time. What we tried to do was become more specific in terms of the roles and responsibilities for both the issuers and the ministry in terms of moving from the previous contract.

Just to give you some highlights of the comparisons between the old contract and the new: The old agreement has no fixed term, whereas the new one has a fixed five-year term, with provisions for renewal for another five. Under both, the ministry can terminate within 60 days. The issuer must give 60 days' notice before resigning under the old, as opposed to 120 days under the new. There are differences in liability insurance; updating that. Under the new one, it actually can be a corporation as opposed to an individual, so the contract can survive, for example, upon the death of the issuer.

Ms. Jamieson: It's non-transferable.

Mr. D'Onofrio: And it is non-transferable. Thank

you, Deputy.

I should say that both contracts impose requirements in terms of respecting the law, obviously, and pursuing policies and procedures. It's just that the new one is more specific in terms of identifying specific pieces of legislation, for example. I should add that we have tried to encourage movement from the old contract to the new for the existing contractors, but I have to admit that there are reasons why the issuers have not done so, obviously. We're talking to them now about seeing what parts of contracts in general we can take to a new contract. We're not stuck on imposing even the 2001 contract. Let's find out what works and come up with new contracts that we can both agree to and move forward on together.

Ms. Jamieson: Finally, your last question was with respect to employees and screening, specifically the issuer network as opposed to Serco. I'd like to ask Mr.

Bartucci to answer that.

Mr. Bartucci: Thank you, Deputy. Just picking up on what Frank was saying, one of the other differences between the two contracts is that the new contract, the private issuer agreement, of which there are 51 signatories, has an explicit requirement that the issuer must perform criminal reference checks on all their employees and maintain them current in their files, and they're subject to audit.

I should really have started by saying that the protection of personal information is certainly a priority for the government and we believe for the issuers as well. So while we've imposed that requirement, in a modern world, that's a given. We must protect that and be

explicit in the contract.

Even where it is not an explicit requirement in the MOAs or memoranda of agreement, there is a provision in what we call the performance management plan, which is a program for customer service enhancement, feedback and performance metrics that we entered into on a volunteer basis with the issuers. There are about 208

issuers who are in that program. All of the new PIA ones are in, and about—I'll have to do the quick math—150 or so of the other issuers in the MOA are also in it.

I raise that now because they also have staff sign a statement of non-disclosure that lays out very clearly what their obligations are with the data, what their responsibilities are with that information. So while they don't do a criminal reference check, our guidelines and our policies and procedures are very clear. In the case of those 208 issuers, they actually sign a statement acknowledging their responsibility and obligation. It's another piece of evidence—it was a volunteer program—that they take it seriously as well and that they practise good protection of information in their offices.

Mr. Richard Patten (Ottawa Centre): Welcome today. Welcome to the deputy in particular for joining the government.

My question, first of all, is a general one, and then a specific one. It has to do with the ongoing and overall and long-term relationship with the issuers. I suppose, in a nutshell, the issue that the auditor brought out was that the relationship was in need of improvement, or certainly there were some areas of discontent that may be on both sides. My analysis of the situation is that it would appear that the ministry kind of overstates the relationship, or at least there's a discrepancy. The description of the quality of the relationship from the ministry is rather different than it is from the association's point of view, as well as from specific issuers' offices that I've had a chance to talk with. Some of the issues you've already identified: The area of compensation, for example, is one; the nature of payment; the whole question of value for money. The association seems to be saying that the ministry said it was going to approach this. I'll just read one part from the auditor's report. It said they should conduct a review of its compensation arrangements for the private issuing network "to ensure that the ... network remains stable and customer service levels are maintained...." The ministry's formal response is that they are seeking a market-driven compensation scheme, in essence a price discovery mechanism, to determine the value of the services the network provides. MTO committed to share the results of this process with the network. Then they're saying that on March 23 the director of licensing and control advised the issuers that this process had been cancelled and refused to share the information they had gathered to this point. There has not been, at least to this date, any new process suggested by the ministry.

I wonder if you have any response to that.

Ms. Jamieson: Absolutely. Thank you for the question. We are sensitive to the needs of the private issuers' network. We do not, however, believe that there's a cookie-cutter solution to this problem, and we've approached this from several places at the same time. We were compelled by the argument made by the Auditor General that the smallest operators were in the worst shape. We moved, I think pretty quickly, to get that addressed. As I said, cheques went out last month. But that was only one piece, and I recognize that.

The second piece we pursued was an RFP to look at five new offices, and we went about it a different way. I'm going to let Ernie speak to you about how we approached it, but we approached it differently, hoping it was going to inform us more about how we could proceed in the future. I'm unhappy to say that the ministry also did not get any information. There was nothing to share, because the rules of the RFP were such that we also did not get any information out of that process.

I just want to correct one thing. The process has been reissued, and on MERX right now is an active process, because we're trying to move quickly to get through this, where we think we've resolved what I guess were design flaws in our original RFP that didn't yield the results. I have no idea, nor does anybody, what prices were put in the RFP that was cancelled. We needed to cancel that, and it did not inform our process, which is regrettable.

Before I pass it over, I'd like to also say that when things are cranky between two parties, it takes a while before anybody believes you're going to be different. So all we can do is try to address the issues that we think—well, we know; we heard—were identified in the Auditor General's report. And we're doing that. Our call centre is, by metrics, functioning better than it was. We are doing things like trying to streamline our communications. Instead of having 85 bulletins from the Ministry of Transportation, if you're a little issuing office or even a big one, you'd like a coordinated approach to direction on what you're doing. That's why we have these operating committees: What can we do to make it easier to do business with us?

So it's kind of okay with me. I'm sorry they are not seeing improvement yet, but I'm confident that we're on the right track and they are going to see this improvement. It is sticky when you have both compensation and contract issues as the big issues on the table—they're kind of like the elephant on the table—and we need to figure out how we're going to resolve it. We're very interested in the contract issue and they're very interested in the compensation issue. This is going to take some time, because our preference would be to come to some kind of voluntary solution.

With that, I'd like to ask Mr. Bartucci.

Mr. Bartucci: If I could just build on that answer, as the deputy mentioned in her opening statement, we have taken some steps, which she reiterated, because we don't believe that the network is a homogeneous network. We believe that there are solutions we need to pursue with the small, the medium and the large.

The deputy said and I can reiterate that we are committed to fair compensation and we are committed to reviewing the compensation. I know our staff has met with the OMVLIA board, the Ontario Motor Vehicle Licence Issuers Association board, and have received some suggestions from them on how compensation can be addressed, and we are looking at that as part of our overall review.

At the risk of repeating, sir, we said that we approached the small, financially challenged issuers in small com-

munities by having a \$10,000 floor, and we moved on that. With respect to the other end of the spectrum, the large issuers—and we define large and small by the number of terminals they have; one to two is small and four and over is typically large. We have found that the market price and the opportunities to make a successful business for large issuers seems to be fairly robust. We seldom get voluntary retirements from issuers that operate large private issuer facilities or offices, and when we do, we have a very competitive process. We get a lot of quality proposals, quality bids, that suggest a fairly competitive and viable business.

You mentioned, and I'd like to elaborate on, the pilot procurement. As the deputy said, we have reissued it and it is on MERX, and we've reissued it in a simplified way. We found we were trying to put too many things into that particular pilot, things that, for example, would be new. We were suggesting that the private issuer would requisition and pay for technology: the terminals, the screens, the computers that they would use in their offices. As you may know, currently they're fully provided by the province through the ministry.

We also were looking at the opportunity for some synergies to come out of bundling. We put five offices in that PIN pilot, inviting proponents to put proposals forward on combination offices, thinking that by spreading their overhead, there might be greater business viability managing their fixed costs and their average costs in a way that will allow them to run multiple offices. We've changed that. We haven't made it a mandatory; it's a desirable. Now anyone can bid on one or all or any number in between.

Those are the primary changes we made. We also lowered the threshold in terms of the multi-phase scoring that we were going to use. We had a threshold scoring of 75% on your business case to move you to the next section that dealt with your price proposal, and we've reduced that to 50% now to encourage more participation and to encourage a better look at the opportunities that people are proposing back to us.

I believe it's going to close in about six or so weeks. Please don't quote me. It is on MERX now. We're hoping that we will get a much better result than the one we concluded in March.

Mr. Patten: The last thing I think the committee would be proposing is that you spend more money. However, it's seldom that MPPs' offices receive complaints from small businesses that do fairly well, so when we get a number of representations in a particular area, obviously we investigate it and look at it, and we find there is some merit to their concerns. Having been a former Minister of Government Services, I can assure you that I'm conscious of the efforts that government would make to provide certain services. Some it's best to do in partnership with the private sector, and by and large, these are small businesses we're talking about.

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I'm sure you know this, because I asked the question to them: "Well, If you think it's such a bad deal, why don't you get out of the business? Of course, as you

know, they have existing commitments for rent. They've spent 20 years in the business and they know nothing else, in some instances, and they can't see dropping all their staff. In other words, they're kind of locked in, psychologically and vocationally, to this particular area. But some of the stats they give out in terms of comparative compensation—and 10 years is a long time, looking at other jurisdictions and what they do. In terms of the kiosks and what people can do there—provide simple tasks. The pressure is on them to spend more time, and they feel that's not being acknowledged by the ministry.

I present that as part of the arguments they have. At this particular stage, the information that some of us have is that they do not see yet the efforts to develop the longterm partnership arrangement that they'd like to see.

Ms. Jamieson: I take your point. I just need to tell you that we are committed to a fair compensation model. We're trying to better understand the business model and what the solution would be. We have a responsibility to make sure we get the solution right, and we have some things in process that we think are going to help us do that. Are we there yet? Absolutely not. I have empathy for them, and we're working on it.

The Chair: Thank you very much. John O'Toole?

Mr. John O'Toole (Durham): Congratulations, Deputy. Everything I've heard as the critic has been positive, and I commend you for that. I've always had very amicable relationships with the ministry over the last 10 years. They've been helpful to me as a local representative on lots of issues, so I want that to be on the record. I may sound critical here, but that's really not the intent.

Just looking at it in a broad sense, as an opening comment, there are lots of challenges ahead of you. I'd like to know who to contact many times. I find asking questions somewhat less productive than what my constituents or stakeholders want to find out. Asking them in the House or through the ministry's offices—I'm not trying to be political here; it's just not helpful. The speed limit issue of course is in the news, and issues around the 407 and the disputes there, the gridlock, the Windsor border, and other, more localized issues. The GTTA is at this point still political and is just a framework sort of thing. Regulation 629 on accessibility vehicles is another ongoing issue that I don't seem to get much headway on, but I have some lawyers' letters and other things that need to be dealt with. That's just a general skeleton that I would be in touch on, but not during these hearings. I want them on the record, as I have brought them up.

I am happy to say that one of the complaints, in a letter I wrote to the minister about the G1 licensing and the age and proof issue—I commend the ministry for responding to that rather quickly, actually, by recognizing the dilemma of Canadian-born children 16 years of age with none of the required documentation: passport, health card with a picture etc. It's smart, and it shows responsiveness—not two minutes on the phone, but not two years waiting for some bureaucratic decision. I commend you for that.

But If I look at this issue on the PIN, I'd have to put on the record again, being new, that I had to go back to see where it started. I found out it was actually 1902, and it's been a problem ever since. I looked at the only auditor's report I had, from 2000, which was when we were government, and the answers are the same; I think they're just kind of dittoed answers to the problem. It's a fact. Here's the actual cabinet document on the response. It's quite interesting.

In fact, I have another report that was issued back in 2000. I want to put it on the record because it's quite important. It talks about the history and background of the private issuing network. For the record, I think it's important to put down that there was an important commentary on the same issue in 1985. In 1986, there was a response to it from the ministry from Carl Vervoort. I think the most important one, in 1987, was that the assistant deputy, Marg Kelch at the time, stated that change to the method of level of compensation to the issuers agents—there it is in 1987. We're almost there, 20 years later. So this is not new. Here it is in writing: a fully documented, footnoted report. There it is.

I'm surprised that I'm getting many of the same answers. So I hope you're not getting the wool pulled over your eyes. Do you understand? Because you're in a mode of trying to be trusting and building relationships and blah, blah, but you need to get in and just say, "Hey, we're going to fix it."

I was happy just with your worded response today, that there's no cookie-cutter solution—competitive, multi-functional offices. You're on the right track. If there's no volume, there's no money, there's no service, and if the government cuts it off, they're going to be in political doo-doo, okay? So you've got to mandate the multi-service. Whether it's hunting licences, fishing licences, whatever it is, get them some more jobs to do something to get more revenue, period.

Paying them more for the transaction is an issue that, in the business sense, should be dealt with in relationship to other jurisdictions, best practices. Economies of scale are diminished, of course, with no volume. If you've got a high-volume office, of course, you can offset your overhead and salaries and insurance and all those things. That's the only issue you have to make, and it's a very small part of the problem, but it does affect northern members, as Gilles will probably point out, or has already pointed out. They need that. They don't want to drive to Sudbury to get whatever documentation.

I've got a couple of things that I want to request on the record formally: a non-edited version of the Maves report, which dealt with this when we were government, and a non-restricted version of the Ernie Parsons report. Those reports need to be in the public domain. These are Bart Maves, who was the PA to, I think, Frank Klees—or Norm Sterling was probably minister of that at some time. All I'm saying is those reports were hard work done with stakeholders. I can tell you, and I have the record, that, really, both of them said, "You've got to fix the compensation."

So you don't need to be told by us. It's not partisan. We're guilty, they're guilty, the NDP, everybody's

guilty, and you're here to fix it. You're Ms. Fix It. You may have your own channel on the radio or something.

So that's for the debate, and I don't think I need to go on too much, because it is covered in your response that you're going to work through a competitive model and there's an RFP, and we'll be keeping an eye on it. Have you got an actual delivery date? We know when the next election is. That's called fixed-term elections.

Ms. Matthews: It's a good idea.

Mr. O'Toole: Oh, yes. It's not a bad idea. We voted for it, actually.

Here's the key. The key is this: When I look at it—and I don't think it's Bob Rae's problem, David Peterson's problem, Dalton's problem, or Ernie's or Harris's problem—I think it's the ministry's problem, seriously. It's not your problem, because you're new here. You can go in and you can start with a clean sheet. I've told you it's been a problem since about 1971, which was the first evidence I was getting on this.

So I know I'm ranting here, but all I want is, what date are you going to fix this problem? Don't get it caught up in 2006, because that's almost election time. By January 2007, it's over with, and we'll get another auditor's report. Oh, why don't you just recopy this one? It's not fixed. So don't spend any more staff time looking at it.

The Chair: Is that your question?

Mr. O'Toole: No, it isn't my question. I haven't got to it yet.

When I look at specifics—and this is a question—why do you pay the kiosks, the high-tech system, 46% more on a transactional service than you do the office where they actually have to type the stuff and use some phone link to upload and wait busy time? Why are you paying them more? I thought it was supposed to be quicker, faster, cheaper. It's all important for me to send out to people.

Ms. Jamieson: First of all, let me assure you that my management staff and my colleagues here will attest, it was nice the first couple of weeks; it's been a little tougher lately. So don't worry about that. Don't lose sleep over that.

This is our problem to fix. We're seized by it. We're addressing everything in the Auditor General's report. I'm not actually prepared to speak back to 1986 and the intervening time, but I'll say this: This PIN-issues' network is receiving \$12 million more in commissions than it was since 1998. So there is money flowing. It's a different kind of—

Mr. O'Toole: You doubled the licensing.

Ms. Jamieson: No. Secondly the kiosk issue, I'm going to ask Frank specifically, but I'll tell you that we have to compare apples to apples when we look at costs. There are costs to supporting a PIN transaction that aren't just in the compensation fee.

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Mr. D'Onofrio: Thank you, Deputy. Yes, I think we have to look at what the kiosk contract does in terms of providing the service. If you look at the kiosk contract, the service provider does everything with the machines in

terms of looking after the machines, filling the machines with stock, and also does at least the first level of response in terms of customer calls, which is a different bundle of work compared to the specific aspect of the total transaction, if you like, of the private issuer. So in the case of the private issuer for a given transaction that we would compare to the kiosk, the ministry does other aspects of that. So it is, in our view, a bit of apples and oranges in comparing those two.

Mr. O'Toole: I get that. I guess the general perception in the public is that it's quicker, faster, cheaper, and it turns out it isn't. So don't go with all kiosks, because it's going to double the cost. That's my advice to you. In the perception of this, it would seem logical to automate everything, get it online—quicker, faster, cheaper. In fact, if the solution is costing more, this is where Dalton has the problem. You have to figure that out yourself. It's a multi-tasking issue. I'll leave it with you, because I'm not the boss.

I would say the other thing that's concerning to all of us, in the sense of the heightened security that we live in today, is the fraud issue and those documents and the security.

On the auditor's report, it's my understanding that 70% of the missing stock was from six of the offices—this shouldn't be hard to visit and fix up—and of that, 75% of the stock was from three offices. So close them. That will send a signal. Just close them and there won't be any more stolen. Can you respond to that? And were there ministry offices involved in this fraud, as opposed to the private issuing network, which you could fire in a moment?

Ms. Jamieson: First of all, let me say government stock must be accounted for. There is zero tolerance for missing or unexplained stock, right? So it's hugely important to us to understand where everything is, and if it's not where it's supposed to be, what happened to it.

I think the biggest mistake we made as a ministry was not being able to answer the Auditor General's question on 56,000 pieces the day the report came out, or even before that when they were in speaking to us. We've rectified that. We've gone through and looked at all of that stock, and I would like to talk to you about where it is, because I think you're going to be happy with the answer.

Would you like to walk us through that?

Mr. Bartucci: Certainly. The members of the committee have the graphics. It's a pie chart.

Let's segregate the stock into two groups. There were 7,000 stolen that the Auditor General brought to our attention. In fact, those had been reported to the police. They had been noted in our stock system. Information about that stock had been sent to other jurisdictions, to be wary of it. So we believe we've dealt with the stolen stock. Let me just finish that storyline, because there were three offices. Two are no longer with us and one of those three offices was audited, and we've addressed some of their issues. There were no outstanding stock

management issues. They were victims of a robbery, and they reported that to us.

What the deputy alluded to on the news, that had we been more sure-footed we would have dealt with it before the report was published, was on the 49,000 that were reported lost or missing. As the deputy indicated in her opening remarks, we have reconciled all but 3,000, and we continue to work at identifying where those 3,000 units of missing stock are.

So let me start with the 56,000. Upon investigation, we found that a little over 5,000—5,300—were lost when an issuing office in Flinton was burnt. We recalled approximately 22,000 permits that were production errors; the wrong colour of ink was used in production and did not meet our standards. So, although they had been shipped from the supplier, we recalled them. We recalled stock that was time-dated, for example, val tags, where we revised the format, where legislation was changed, and that accounted for an additional 15,000.

We have identified clerical error: transposition of numbers or typing errors, keying errors, and inappropriate disposition code, which is our jargon for, "How was the stock used? Was it lost? Was it consumed in a transaction?" That accounted for about 1,700.

We suffered through recovering from a labour disruption in 2002. The private issuers, as our partners, performed over two million transactions through the 10-week period our systems weren't up, which they did in a manual way. We had to reconcile the stock they used because all of those transactions, Mr. O'Toole, were done manually, like the good—or bad—old days. There were about 800 of those units that were outstanding.

If we have our math right, which I believe we do, we're down to 3,130.

Ms. Jamieson: If I may, that's out of 77 million pieces of stock over four years. Now, we don't want one missing.

Mr. O'Toole: Well, the Auditor General has to make headlines once a year at least. I'm not being critical or cynical either. I'm just saying it's important to point this out. You've given an answer. I'm satisfied with it and your earlier comments.

The last thing I want to say is that on this G1 licensing thing, and this may even sound a bit intemperate, I'm somewhat insulted, actually, when I'm not allowed to be a guarantor on this, signing a document. I've written to you or someone on this. I think in the office we're in and the accountability and transparency we all talk of—a lot of it is talk, anyway—I am accountable. I have a serious job appraisal every four years now, with fixed-term elections. In a serious fashion, is there anything you would like to comment on about why I can't be a guarantor? In many cases, members are lawyers or professionals. Norm is a lawyer and an engineer, and he can't sign this thing.

The Chair: Oh, yes, I can.

Mr. O'Toole: I know you can, because you're a lawyer.

Mr. Bartucci: When we implemented the guarantor process, we tried to reflect as closely as possible the passport guarantor program.

Mr. O'Toole: I can sign a passport. I do, today. I'm telling you now, I want this changed. This has nothing to do with politics. I want this to be our duty and/or responsibility. I am equal to any of the persons—I shouldn't be exempted if I'm a lawyer or not or a former judge or whatever. Do other members disagree with me? I think it's an insult, personally.

Mr. Bisson: A guarantor on what? Because you're a commissioner for taking oaths.

Mr. O'Toole: On the G1. We can't sign it.

Mr. Bisson: But you're a commissioner for taking

oaths, as a member, so what's the problem?

Mr. O'Toole: That substantiates my point. I think if a secret, unnamed individual can do it, and I couldn't really attest whether or not they're valid or any more valid than I am—

The Chair: Mr. Bartucci, perhaps you could provide an answer in writing to the committee on that.

Mr. Bartucci: We will. We will take back the concerns expressed today, sir.

Mr. O'Toole: I'm just insulted—not by you.

Mr. Bartucci: It was never our intention to insult any members of Parliament, provincially or nationally.

Mr. O'Toole: We get insulted daily, because that's the job.

Mr. Bartucci: Well, it was never our intention.

Mr. O'Toole: And in opposition, we get insulted all the time, not just daily.

The Chair: Ms. Munro, you had some questions—

Mr. O'Toole: No, I have one more question, if you would, and that question would deal with not a trivial matter either. It's the road safety issue. I'm concerned. I recognize that you are the author of road safety. You are respected by many whom I talk to—CAA, all of them. So it's a compliment.

What's holding up the driver distraction debate? I've talked to all the former ministers, off the record, of course, so I won't cite them, on the cellphone issue. It opened up a whole issue of technology in the driver's face, whether it's navigation, GPS, traceability, all the stuff, very important. There is no substantive reason why this study should not go forward. In fact, the hearings must go forward. There are two Ph.D. people—one at York, one at Ryerson—who both want this issue pursued in a mode where they look at the latest research evidence on driver distraction. Could you give me a response? 1120

Ms. Jamieson: Absolutely. I am also very concerned about driver distraction and its impact on road safety. It's something we're talking about. As you point out, there are many new things happening: videos in the car, navigation systems—

Mr. O'Toole: All of the above.

Ms. Jamieson: If we want to stay in our number one position, we have to make sure we understand what the impact of these things is on road safety. I am going to ask Mr. D'Onofrio to—

Mr. D'Onofrio: Where to start on this one? It is a complicated issue. We've been tracking, as I think you

know, other jurisdictions in terms of implementing specific laws, including, for example, bans on hand-held cellphones. What we're seeing is that after the initial euphoria of introducing the law, the compliance rate, if you like, goes back down to what it was before the laws were introduced, and we're concerned about that. We had the first-ever international driver distraction conference in October.

Mr. O'Toole: That's right, in Toronto. Congratulations.

Mr. D'Onofrio: Right—right here in Toronto. We're trying to pursue the themes from that. One of the major lessons learned from that was that we need to get more information. That was one of the keys. What I mean by that is not just more studies, because there are lots of them around, but actually collecting information from collision reports, for example. So we're working on changing the collision report in Ontario to have the policetell us—

Mr. O'Toole: That's one of the functions of my bill. Mr. D'Onofrio: That is an important area to move

forward on.

We still remain confident that the public education side is keenly important, people talking within their families, for example, from young drivers to seniors, about the importance of—

Mr. O'Toole: The G1 licensing suggestion is important as well. It's part of your original road safety bill, where there are restrictions in the regulations with respect to how many roads they can travel on, etc. I'm suggesting that the technology and driver experience—I don't want to have the debate here, but I appreciate that very much.

I do have experience. I have family who live in Australia. They have this law there. I've been there. They don't use hand-held cellphones. It's about a \$1,000 fine. You just get whacked. It's like impaired driving now. The comparator here is actually the seatbelt implementation process, how you enforce it, blah, blah—blitzes in its education. It could mandate driver education as the fine on driver distraction. Do you know how important—anyway, I won't go on.

I appreciate your time and look forward to working with you on this and many issues in a positive way, especially the implementation of the GTTA. On that one, I also have a bill. It is a tax credit for the use of public transit. It's in place in 30 jurisdictions. It increases ridership by 30% and makes it affordable to use public transit. A commute from my area on an annual basis per person is \$6,000 a year after tax.

Mrs. Julia Munro (York North): I wanted to come back to an issue with regard to the pilot project that we discussed a few moments ago. In this pilot project, is this what you were referring to with the RFP or is this separate?

Ms. Jamieson: We were referring to it in the RFP. We are also doing some of our own work actually, to understand compensation.

Mrs. Munro: That's really what I would like to concentrate on, because it would seem to me that that's the

pivotal issue in relation to the comments made by the Auditor General on this whole area. As you yourself have stated, a 90-year relationship is one where obviously the people in Ontario have been served well over many decades, and it would seem to me that the necessity of having a review and the pilot project are critical pieces.

You said you're also pursuing some other things on that. Would you tell the committee what you are able to do at this point in terms of the objectives and parameters

that you have set for this pilot project?

Mr. Bartucci: I can certainly speak to it. I have to be cognizant of the fact that there is an RFP currently on MERX, and I don't want to go beyond what we've disclosed in that RFP document. But the document does speak to looking at a different model of flat rate per transaction and asking proponents to tell us what would be an appropriate remuneration for that work. As I mentioned, we've taken out the IT cost component, but we're also encouraging proponents to come forward with approaches to combining offices and looking at some of those synergies that I mentioned earlier.

It's really to try to test a new model in a pilot way. We have five offices that are available, the medium-sized offices, covering from Windsor to Pembroke and three in between, so it's just to get a sense of what the market is going to come back with for those kinds of offices in those communities. Obviously we hope we're successful in securing qualified proponents for those, but that information, that market intelligence will come back and be part of our overarching, holistic review of compensation that the deputy and the ministry have committed to doing with the issuers.

Mrs. Munro: Things such as allocations for training and things like that, are they part of those kinds of discussions?

Mr. Bartucci: It is the total cost, but as the deputy indicated, I should say we have provided face-to-face training with issuers in the last couple of months. We intend to maintain that training. We made a commitment that we're going to consolidate our policies and procedures. We're going to use modern media and techniques to push out training to the issuers, to allow them to train their staff. Our commitment of course is to train the issuer and certainly support the issuer in training the staff they recruit to work in their office.

All of the training we provide to the network is provided by the ministry at our cost. Obviously there are some out-of-pocket expenses that they incur when we invite them to a session on the weekend or whenever is convenient for both parties, but we provide in that sense a turnkey operation. We train their staff. We train the issuer and we provide the equipment. We provide the consumables.

Mrs. Munro: There was reference made earlier in our discussions about the fact that you're more likely in an office, if someone has the choice between a kiosk and going to an individual issuer, it's going to be the complex ones that are going to go to the issuer. Are you able to determine that more than intuitively? Are we able to say categorically that if given the choice, an individual is

going to go to an issuer because of the complexity of the issue?

Mr. Bartucci: The short answer is yes. There are only eight transactions currently available on the kiosk and they are the straight renewals, address change, those types of things.

Ms. Jamieson: The simpler transactions.

Mr. Bartucci: The simpler transactions. There is no other place to go in our system other than to the issuer for complex transactions, so as a matter of course a transfer between relatives or bringing in an imported vehicle and the documentation necessary to support that, that would all go to the issuer.

But I should say that in the 1987 year that Mr. O'Toole referred to, when we did change the compensation model, we went to a model using industrial engineering-type techniques that costs out the physical work of receiving information from the customer, processing the paper, reaching in, feeding the printer, doing all of those things. So this MTM—that's what we call it, motion-time management study—remunerates based on transactions. For example, a driver renewal where you might renew a driver's licence every five years, we calculated that back in the days when we used to use Polaroid licences—many of you will recall those—and we've maintained that same rate of payment at \$3.04, I believe, because we calculated that to be roughly a six-minute transaction.

So we've taken all of our transactions and applied that MTM standard to them. We have certified, qualified staff, certified by the association, who measure these transactions, and we talk through OMVLIA to the issuers about them when new transactions come on stream. We go through the process of evaluating and sharing that information with the issuer.

I should add one of the other areas, a benign area that we have used to maintain revenues or commissions. When we implement technology or business rule changes, where a transaction becomes easier—I use the driver licence as a very good example. In 1994, we went to a digital licence. You come in, you have your picture taken and you're on your way with a temporary driver licence, a lot shorter procedure than waiting for your Polaroid to be developed, cut, laminated and presented. We didn't roll back the commission to reflect the true time used to perform that transaction. We've done that throughout—what we call "red-circle" a lot of those transactions—because they are our partners and we benefit from an enhanced service by introducing IT and those elements, and we share that with the issuer. That's an area that we haven't talked about. I can't quantify how much additional revenue that represents, but it is a positive revenue stream, most definitely.

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Mrs. Munro: I would assume, too, that some of the other variables in terms of the cost of doing business—whether it's wages or rents or whatever—also would have to be updated as we move forward.

Mr. Bartucci: If I may, those are the types of factors we will be taking into consideration as we look at the new contract, the new compensation model.

Mrs. Munro: How long would it take to train someone to be able to provide this service? Could you give us some idea of hours or whatever?

Mr. Bartucci: I'd have to check with my staff. It's certainly more than hours. Our business is somewhat complex. The private issuers do virtually all driver and vehicle transactions from complex, as you noted earlier, to fairly routine. Probably three weeks is what I'm hearing, so I'll accept that. I hope it's our people who are saying that.

We have issuer office administrators in the field. One of their responsibilities is to initiate the training and walk the new issuer, the new staff through the procedures and look over their shoulder and take them through the process. We are pushing out educational materials to maintain and support that ongoing training.

Mrs. Munro: Obviously, if you're looking at a minimum of three weeks, then there are those costs associated with any issuer. As you point out, your responsibility is to train the issuer and theirs is any staff.

Mr. Bartucci: Yes. Under our current regime, we absorb our costs for training and we assume that they absorb their costs for training. But we will factor that in to the formula as well to understand who bears the cost and how that should be reflected in a fair compensation model.

Mrs. Munro: So am I to take it that this pilot project will concentrate on that area of concern; that compensation as well as customer service are the essential issues here? Is that fair to say in this pilot that you're undertaking?

Mr. Bartucci: The short answer is yes. Those are factors that we will consider in the proposals that we receive and the kind of quality service that the proponents will be offering as they bid for the contract. But it is a pilot procurement more than a pilot in the sense that we're piloting a new technique across the system. It is five specific offices with a satellite office in Petawawa, so five and a half, whereby we will try a different procurement methodology to see if there's a market for it, to see what the market interest in that is. Then we would fold that in, on a going-forward basis, to the formula that we look at for compensation in the future.

Ms. Jamieson: If I may, that process will help inform us as we go forward, but we are doing other pieces of work to give us that information.

Mrs. Munro: My final question: How does this fit into the government's overall initiatives with regard to ServiceOntario? People have referred to the potential to issue other kinds of licences. Are we there yet? How does what you're doing ultimately move in that direction?

Ms. Jamieson: Thank you for the question; it's a great question. Of course, ServiceOntario remains important to the government. The government wants to offer many different kinds of transactions in many different ways, so there will still be over-the-counter service, there will be kiosks, there will be Internet. There will be a whole series of things. They're interested in providing efficient service to Ontarians wherever they live across the

province. Some of those solutions don't work in different parts of the province.

So we are working very closely, as one of the lead ministries on the ServiceOntario initiative, to try to understand which of our products—and we have many—could be part of that ServiceOntario network. I'm going to ask Mr. D'Onofrio to expand on ServiceOntario. It is a big piece of what we're spending time talking about.

Mr. D'Onofrio: Thank you, Deputy. I guess it's fair to say that we're not unlike a lot of other jurisdictions that are looking to improve the way services are delivered to their citizens, and ServiceOntario is the government's way of centralizing the strategy and delivery of those products. On the immediate horizon, we have five of our current products and services that are going to migrate to the ServiceOntario website by later this spring or summer, and those include your validation tags for motor vehicle plate renewal, driver abstracts, vehicle abstracts, the used vehicle information package and, for the very first time, which you can't do now, "own choice" plates, to actually go on there and figure out whether you can get that plate or not. What I mean by transferring them and these being improved is that for the first time it will be an integrated process. Right now most of those, except for "own choice" plates, you can actually do at our website, but it really amounts to an electronic ordering form and then we pick it up and, as was identified in the Auditor General's report, it becomes a manual process at our end. In this case, for example, with the val tag renewal, once we move to the new process our vehicle registration system will be updated immediately and the individual, from their home printer, will have a receipt that they can show to the enforcement officer, and the officer will be able to check on the system to see that that plate has been renewed. So it is improvement. That's sort of the near-term frontier for making improvements, and as the deputy said, we're looking at ways of improving all of the delivery channels that we have, everything from phone and mail and counter to electronic service delivery, including the kiosks.

Mrs. Munro: So-

The Chair: Thank you very much. My records show that the Liberal Party has had 32 minutes of questioning, the Conservatives 34 and Mr. Bisson only 17, so you have 15 minutes to catch up with the others.

Mr. Bisson: I was just trying to be very gracious to my colleagues this morning.

The Chair: Well, thank you very much. Then we can decide whether we want to go another round, extending the questions.

Mr. O'Toole: I would certainly like the opportunity to mention one other issue—

The Chair: No, we've got to give equal access here to the parties before that.

Mr. Bisson: And you're going to see that I'm going to be—

Mr. O'Toole: I seek unanimous consent to make a couple of points.

Mr. Bisson: He can take a minute of mine; that's fine.

Mr. O'Toole: Thank you. Chair, with your indulgence, I'll be brief and succinct. There will be no pontificating.

The first point is the vintage licence plate issue: these are vintage vehicles, and access to registering a vehicle using the year of manufacture as a licence plate. There is the plate you can get which is the historical plate or you can register a 1934 Chev with a 1934 plate on it. Why has that fee gone up? These vehicles aren't on the roads. They are vintage cars, and the people who authentically identify that complete restoration have the year of manufacture. They're an ardent group. I passed a bill on it, and since then there has been some administrative tinkering with the fees. It isn't a revenue issue. I'd like a written response to that so I can send it out and get full credit for bringing it to your attention.

The Chair: Thank you. Mr. Bisson.

Mr. Bisson: Do you guys want to respond very quickly for Hansard?

Ms. Jamieson: I think we'll get back to him in writing.

Mr. Bisson: I have just a couple of things. In the auditor's report it was noted that it was about a 30% dissatisfaction rate among the people who filled out the forms as to how they felt things went when they dealt with your private issuers. Where's that at now? Has there been a recent survey as to customer satisfaction?

Ms. Jamieson: Thank you for the question. The Auditor General certainly pointed out that some of our comment cards and customer surveys weren't being used universally, and the results weren't as stellar as we'd like them to be. We certainly value our customers; as I said before, we see them as our customers. So in June 2005 we put a system in place that was an enhanced monthly reporting system to make sure that in fact we were capturing the comments, and this is something that we're certainly focused on. I think what we're also finding is that we're sharing the results in a quarterly newsletter to the issuer network so that they can see what people are saying.

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Mr. Bisson: Could you give me an update of where we're at? Since this report, has there been another survey? Has it changed at all etc.?

Mr. Bartucci: Correct me if I'm wrong, Mr. McCarter. I believe what the Auditor General referred to was the feedback through the comment cards. As the deputy indicated, we're beefing up our comment cards. We're using that information more deliberately and feeding it back both to our staff and to the issuers.

The other aspect of customer surveys is that we put out surveys to the public, to the users of our service, beyond the comments cards, and in that regard we are improving that. We're looking for better ways of getting at that information.

There was a comment, I believe—the gentleman can correct me, I'm sure, if I'm wrong—on the customer survey technique we were using where it was really the private issuer staff who would say, "Can you complete

this survey?" at the end of the transaction. Quite correctly, those folks pointed out that if they were not pleased with the service, they might not provide the form. If the people were over the moon with the service, they might provide two forms.

To be serious—I apologize for being glib—we are looking at different techniques. We are looking at either directing people to a website through the vehicle renewal application notice or sending out a notice with that package and asking them, after they've received service, if they could return a comment card by mail or—

Mr. Bisson: Do you have any data recently on any of that stuff coming back? Could you provide it us, please?

Mr. Bartucci: Some data on?

Mr. Bisson: Is there any more recent data on customer satisfaction by any means of survey since the auditor did his work?

Mr. Bartucci: I know that using the techniques I've describe here—thanks.

Mr. Bisson: There we go.

Mr. Bartucci: It turns out there is.

Mr. Bisson: It's just in, hot off the press.

Mr. Bartucci: A customer survey we conducted in 2004-05 had over 37,000 responses, which provided a fairly high statistical basis of accuracy and a low margin of error. I believe the result of that survey was a 93% customer survey result; again, a different technique, I don't want to take issue with the comments they made. We pushed out surveys to the public and received 37,000 responses in 2004-05.

Mr. Bisson: Is there anything recent?

Mr. Bartucci: I believe that is the most recent.

Mr. Bisson: Oh, that is the most recent: 2004, if I heard you correctly?

Mr. Bartucci: The 2004-05 fiscal year—I'm not sure when we concluded it.

Mr. Bisson: I just want to raise a couple of the complaints I've got. I'm just looking at the database for our constituency office. I've got about-where's the number here? If I hit the right part of the screen, it would do a count for me. Here we go: 54. I've got about 54 transactions with drivers' licence issuers over about the last year, up to about January of last year. Most of them seem to follow the same pattern. That's why I wanted a bit of time to go through the data. It seems there are a couple of recurring themes that are happening when it comes to the issuing of licences. I don't know if anybody else is getting this. One is that in some communitiesand this may not be an issue directly to the issuers but it's an issue for MTO-if you're an adult and you're not in the school system, you can't get driver training. We've had a number of complaints on that, which I thought was kind of odd as I went through it. That's why I was a bit unsure and I wanted to go back and read the files. I don't know if other people are getting that.

The only place you can get actual driver training so that you can say, "Here's a certificate to show that I've done it and can get a reduction from my insurance company," because I think they provide you a 10% reduction or something like that, is if you're in the school system.

Ms. Matthews: For free?

Mr. Bisson: No, you pay for this. You pay for driver training. Have you had any complaints about that? Because I notice it's coming out of a couple of communities in my riding.

Mr. Bartucci: If I may, by way of correction, or to try to understand the question, beginner driver education is provided by Young Drivers of Canada. There are about 640 schools, privately run. There's a whole list of them. There are about 600—or 400, excuse me. In addition, some school boards have continued to provide, for a discounted fee, a driver ed program for their students. We impose no restriction on age. The school boards may. Because they discount it, maybe they subsidize it—I don't know for a fact—they may restrict it to the student population in that board. But with respect to Young Drivers of Canada, just to use them as an example, you and I could go take a course from them tomorrow and they would issue a certificate of completion.

Mr. Bisson: The interesting thing is—I'm looking at about three or four of them that I just saw here—there are people who are out of the school system who are trying to get driver training and they can't get it because the school boards don't want to allow their facilities to be used for people other than their own students, and in those communities there's no other game in town.

I guess my question is—I haven't done a driver's test in so long, I don't know the answer—if you're 25 years old and for the first time ever you decide to go out and get your driver's licence, do you need to do driver training before you get your licence? It's not a requirement?

Mr. Bartucci: It's not a mandatory requirement.

Mr. Bisson: For the insurance.

Mr. Bartucci: There are several advantages. Hopefully, you will become a better driver. If you are a driving school that delivers the provincially approved course, you must provide 25 hours of in-class. We approve the curriculum you use. You must provide 10 hours of in-car experiential training as well. So there are those education aspects of the training. The two advantages beyond that: As you correctly cite, most insurance companies recognize the certificate of completion and provide a discount on their insurance coverage. Under our graduated driver licensing system, if you have a certificate of completion from a school that delivers the Ontario-approved program, you can test the G1 exit test within eight months and not have to wait for the full 12 months. You get a four-month discount. A lot of young drivers—novice drivers, I shouldn't say young drivers—will take that advantage so that they can test and move to a G2.

Mr. Bisson: So the adult who is out of school in those communities where there isn't a driver instructor in town other than what is offered at the local high school, would be at a disadvantage for being able to accelerate to the next level of licence, if you can't get that test. My question is, is there anything we can do from the Ministry of Transportation to make sure there's some form of driver training in those communities? Do we have any mechanism?

Ms. Jamieson: One thing we could do is talk to you after this about which communities you're talking about. We'll provide you with a list of what's available and what isn't and maybe we'll have—

Mr. Bisson: I'll get my staff to put it in writing.

The other thing we're getting, and I've got a whack of these, is that you lose your licence due to—I've raised this before, and in fairness to the ministry, they responded to a number of the concerns we raised at estimates last summer, if you go back and look at the record on this. But I notice that we still got some more afterwards. You lose your licence due to a medical issue. It could be as simple as you walked into the emergency ward and the doctor thought there might be some neurological issue, so the licence is suspended for medical reasons, for whatever reason. You have to go through the process of having your medical review people reissue a licence—for a good reason; we understand why that's done. However, one of the things we're still getting complaints about is that there are only four places in Ontario, from what my notes show, where a person can go and get specific testing, medical testing, the report you guys need to review the file. I think it was London, Barrie, Toronto, and I forget what the other one was. Why is it that we restrict that only to southern Ontario, where you've got people up in Kenora who would have to drive a heck of a long way without a driver's licence to be able to get the testing. I'm just wondering why we don't provide-

Ms. Jamieson: So this is building on your question

earlier today.

Mr. Bisson: Yes.

Ms. Jamieson: Medical assessment, of course, is extremely difficult because when people are told they can't drive, it's very upsetting and disruptive to them, so we often hear from them about their concerns and what assessments they need to get back on the road.

Mr. Bartucci: If I may elaborate, sir, between questions I've received information. I want to differentiate medical assessment from vision, because I believe your question, if I may, may have been about vision.

Mr. Bisson: That's different.

Mr. Bartucci: The driver assessment: We have about 33 centres in Ontario. These are folks who meet the ministry's protocols, have occupational therapists and driver instructors available to conduct assessments. Drivers go to the centre of their choice to return from a medical condition. Last year, we implemented a pilot vision assessment program that you may be familiar with.

Mr. Bisson: Yes, but that's not my question. This one specifically had to do with—actually it was vision. This one is; I'm just taking a look at it. When we spoke to the ministry, they were saying that for the medical review they needed to get a particular test done, the only places this person was able to go were London, Toronto, Ottawa or Barrie, specifically. Why would we not—

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Mr. Bartucci: Let me try to answer it this way, sir. When we launched the pilot, we put out a request of interest for vision assessment centres—so people very much like occupational therapists on the medical side,

individuals who are qualified to assess the compensation, if you will, for drivers who don't meet the standard. Now we're talking about the peripheral vision. You must have 120-degree peripheral vision, plus or minus 15 degrees from the horizon. If you don't have that, if you're below that, we allow you to make application for a waiver, as a pilot, to test the efficacy of that program and whether we should push it up further.

We have endeavoured to get as many assessment centres as we can. We have secured the four you speak of. I understand from staff—and I apologize; I'm not sure if it was North Bay or Sudbury where we thought we might have one. Unfortunately, that assessment centre operator withdrew for reasons I regret I don't know right now. We are vigilantly trying to get a partner in the north

as we pursue this pilot vision waiver program.

Mr. Bisson: I would only say two things, very quickly. Northern Ontario is fairly large, so doing it just in North Bay or Sudbury doesn't respond to the needs of northwestern Ontario. When looking at northern Ontario, you have to have something central to both those regions. I note that I've got at least three of them who are in a similar situation in various communities in my constituency, where they've had to make arrangements for somebody else to drive them, in this case, to London—I'm not sure where the other guy went—which is a real problem.

As a ministry, if we require these tests—for good reason, in order to make sure it's safe for the person to get their licence back—we need to provide that in some manner that's reasonable and to the satisfaction of the client, as you call it. Can we expect some movement

fairly soon?

Ms. Jamieson: We're going to have to look at the results from our pilot and figure out—we want as many as we can have.

Mr. Bisson: Just another very quick question. If the Liberals have any questions within the time left, they can have it. I should know the answer to this question, but I don't: Can you apply for a driver's licence through the Internet?

Ms. Jamieson: For the first time, you mean?

Mr. Bisson: Yeah. Ms. Jamieson: No.

Mr. Bisson: No, I mean a renewal, not the first time. Sorry. You've got to get tested. I know that. I'm saying, if a person loses their driver's licence—

Ms. Jamieson: No.

Mr. Bisson: Okay. I thought I read something somewhere, and I just thought that was kind of odd. I thought I misread it. Okay.

If you guys have any questions, go ahead.

Mr. Jeff Leal (Peterborough): Deputy, thanks for your insightful comments this morning. Just two quick questions: Why has there never been a simple cost-of-living increase in compensation for PINs? Their rates have been the same from 1997 to 2005. My second question is about the frequency of spot audits by MTO with regard to PINs.

Mr. Bisson: It refers to what?

Ms. Jamieson: Spot audits of the PIN network. The cost-of-living increase—I can't speak to what's gone behind us. I can tell you that one of the ways was to increase the revenue stream by offering more products. That is what we've been doing. We recognize that the business model has some issues. We're trying to address them. We're not convinced that a cookie-cutter approach is necessary in terms of the solution, unless you have anything to add to that?

Interjection: No.

Ms. Jamieson: On the second point, I'd be happy to talk very briefly. I'm not sure how much time we have. We have put a new audit process in place. I think it's a fantastic audit process. For an issuer office to be audited, they're visited four times in a year. We can tell you that by April 2007, we will have commenced an audit in every single one of the issuer offices and we will have completed them in-128 will have had four visits. We've hired additional staff, we've trained them and we've consolidated our audit functions. The Auditor General pointed out that we had different parts of the ministry auditing for different things. That was confusing and not a happy case for our partners. We now have one office in charge of the audit function, additional resources, and we are working our way around what I think is a really good audit plan.

In addition to that, we have the mandate, responsibility and authority at any given time to send an audit team wherever we like. We do that; we do it today. We have various metrics that would concern us, if we saw some certain kinds of activity in certain places. We have the ability to audit frequently in places where we have additional concerns, and we do that. As you know, or may know, sometimes that leads to the termination of a contract with our issuer network, depending on the frequency of findings, the severity of findings—that kind of issue.

Frank, would you like to add anything?

Mr. D'Onofrio: Just that we feel the new auditing program is going to be very effective not only in terms of recognizing irregularities, but also in terms of the partnership, because it will provide the feedback to our partner that we need. It's as much about that as about anything else. It really is based from our internal audit services that have developed the pilot. It's based on recognized auditing principles; it's benchmarked against leading-edge ways of doing this in both the private and public sectors. We're really excited about the path forward, because we don't like some of the stats that showed what was behind us. We have some reasons for that, but at the end of the day we need to do better.

Mr. Leal: In the last fiscal year, how many spot audits

did we have?

Mr. D'Onofrio: We had 97 in 2005. We completed 97 audits.

The Vice-Chair: Mr. Lalonde, do you have a question?

Mr. Lalonde: Yes. First, being a former PA, we had this request many, many times: Ontario does not have any official ID cards; Alberta has them. Right now, anybody who wants to take the plane, like a senior or a

blind person who doesn't have a driver's licence—I had to accompany a few students who took the plane in the past; I happened to know the parents. I believe it has also gone to the Ombudsman, and you must have the response to that.

Next, are we still looking at the possibility of doing the initial process for OHIP cards? In rural areas—for example, if I go up north—you'll see the person from OHIP, from the Ministry of Health, probably once a month or once every second month. Other people have to drive up to three hours to get their OHIP cards. All our PIN offices are equipped with a camera and the software is in there. We have worked very hard to get this going in the past. I would like to see the service given to the rural sector as good as it is in the urban sector.

Ms. Jamieson: Thank you for your questions. The ServiceOntario mandate is to try to make sure that where we have things in different ministries, we're doing the same thing; that we make them as available as we can to people across the province. So certainly, there have been discussions about both the driver's licence and the health card being something we could look at doing together.

With respect to official ID cards, I was going to ask Mr. Bartucci.

Mr. Bartucci: We have the capacity to produce those cards. We could produce the cards in Kingston now, and under a new contract we're going to be releasing, we would have the capacity. The decision to pursue an ID card is a policy decision. We are working with other ministries and developing proposals to bring forward to government with a view to providing a non-driver'slicence, non-health-card, government-issued photo ID for the very things you described: non-drivers or people who choose not to have a driver's licence, and using them as a quick form of identification where a passport or citizenship card might be too cumbersome to bring along. We have the administrative capacity within the ministry and within the government if we look out at other ministries like the Ministry of Government Services, which is responsible for ServiceOntario, and, with respect, it's really having a policy discussion at your level to decide the going-forward strategy. So we are developing some options within government to look at that.

Mr. Lalonde: I know they could get cards from the LCBO at the present time; they ask me to sign them. When I see it's a young person, I won't sign. Secondly, there's the Costco card; and lately I approached the municipality, if they want to start issuing an official card to citizens of that municipality so that people can take the plane whenever it's required. But we have the equipment in the PIN offices.

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The Vice-Chair: Mr. Patten, you have a quick question? I'm mindful of the time.

Mr. Patten: Me too.

On the ID card, I suppose we're waiting for our instructions from Washington as to what constitutes an acceptable ID card in transport or voyages. But we've been looking at the smart card for, honest to God, 20 years. There's a particular business, the Canadian Bank

Note Co., which actually does the vehicle driver's licence for Alberta. I got into it out of personal interest. I think they have the absolute finest, most secure card in the world. They even do this for other countries. I've suggested this. You're right: It is a policy issue, and it's really up to the government to do this. Why we can't move on it, I don't know. It would save us a ton of money, especially in the health field. The fraud is minuscule in terms of vehicle drivers' licences as it is with OHIP. It just befuddles me, because there are tens of millions of dollars in potential savings, let alone the convenience and the ability to cross-reference the identity of individuals and their activities.

Ms. Jamieson: We agree.

Mr. Bartucci: If I may just provide an answer to the question, Madam Chair, because there are some important issues I'd be delighted to talk about. First of all, the driver's licence and health card we now have are at endof life. It's been around since 1994; it's a technology that is not really used in jurisdictions anymore. So we are looking to secure a new contract that will bring us to the state of the art, the kind of cards that most modern jurisdictions are using for ID cards, passport technology and drivers' licences.

You referenced the United States, and it's important on two fronts. Certainly you talked about border crossing under the western hemisphere travel initiative. They are articulating requirements for a card other than a passport for Americans to carry back and forth across the border. Our federal government has begun thinking about the same thing. Obviously, our Premier has indicated most recently that he stands ready to work at using an existing card, such as a driver card, I believe he was quoted as saying. So we are looking to position ourselves, as a government, to produce those cards once those decisions are taken.

The other issue that has emerged in the United States is the Real ID Act, passed in late 2004, which is a slightly different card. Essentially, it amounts to a national ID card without prescribing one, mandating one, by the federal government. What it says is that if states produce a licence to a certain level—

Mr. Bisson: Madam Chair, on a point of order: There's about four minutes until we vote, and I would like to get out.

The Vice-Chair: Yes. I'm very sorry; I must cut you off.

Mr. Bartucci: My apologies.

The Vice-Chair: I would just like to ask the committee whether we have more questions to ask, or if we will take a recess for the vote. I'm at your disposal.

Interjection.

The Chair: All right. We will recess for the time of the vote. I'd like the members back to discuss our report-writing.

Thank you very much for coming today. We appreciate the time you've taken to answer our questions.

The committee continued in closed session at 1217 following a recess.



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Thursday 4 May 2006

Standing committee on public accounts

2005 Annual Report, Auditor General: Ministry of Economic Development and Trade

Chair: Norman W. Sterling

Clerk: Katch Koch

Assemblée législative de l'Ontario

Deuxième session, 38^e législature

Journal des débats (Hansard)

Jeudi 4 mai 2006

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Rapport annuel 2005, vérificateur général : ministère du Développement économique et du Commerce

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 4 May 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 4 mai 2006

The committee met at 0947 in committee room 1, following a closed session.

2005 ANNUAL REPORT, AUDITOR GENERAL

(MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE)

Consideration of section 4.06, business and economic development activities.

The Vice-Chair (Mrs. Julia Munro): Good morning, and welcome to public accounts. I'd ask you to introduce yourselves for the purpose of Hansard and we'll then go into rotation for questions and comments from the members.

Mr. Don Black: My name is Don Black. I'm the Deputy Minister of Economic Development and Trade. With me today is Robin Garrett, who is the assistant deputy minister of our investment and trade division; Neil Smith, who is the assistant deputy minister of our SME division—that's small and medium-sized enterprise; and on my far left is Bob Seguin, who is the ADM of the industry division.

Would it be appropriate if I have a few brief remarks?

The Vice-Chair: Yes, absolutely.

Mr. Black: I won't try to take too much time here, but I just want to maybe set a bit of context.

Thank you and good morning. I appreciate the opportunity to update the committee on the ministry's progress in addressing the auditor's recommendations and findings.

Let me begin by saying we welcome those findings that the Auditor General has put to us and we at the ministry take these very seriously. They have provided valuable input and direction and they were particularly timely for me, as they came in my first year as deputy minister over at the ministry.

For the last three years we've been busy at the ministry reorganizing and realigning ourselves to make sure that we're able to deliver on the government's priorities. We've done so by identifying four key strategies that we will be following in the ministry and have been following in the ministry. Those are industry and cluster; automotive investment; investment and trade on the international stage, so to speak; and our small and medium-sized enterprise focus.

We've been working diligently to implement the auditor's recommendations and in 2005 we provided this committee with an update to show the progress to date. I thought that we had addressed the majority of the committee's recommendations at that time. There's always more to do, but we were making good progress. For that progress, I'd like to recognize the commitment of the staff back at the ministry who have taken those recommendations to heart and actually put them into practice.

Many of the recommendations were related to our effectiveness in measuring our business and economic performance and our activities—I should say, measuring our activities and measuring results.

I'd like to tell you that the comments regarding these issues greatly influenced our ministry planning and restructuring. We are in the process of instituting an extremely strong results-based plan built on good processes and good data that will help us effectively measure the success of our ministry strategies and programs. As part of the request from Management Board that every ministry faces as they go through a results-based plan, for 2005-06 the ministry consulted extensively with folks at Management Board and the Results Office and Cabinet Office on the development of our performance measures for key strategies that support the government's objectives. Key performance measures for 2005-06 were confirmed along with the data sources and processes for monitoring the achievements of those measures.

The auditor's report specifically made recommendations to the ministry's two youth entrepreneurship programs, Summer Company and My Company. As a result, systems have been implemented for monitoring grant recipients and tracking their success. Since the 2003 audit, we have evaluated both programs and have since expanded the Summer Company program and cancelled the My Company program.

Similar stringent monitoring programs and evaluation systems have been put in place for both the \$500-million automotive investment strategy as well as a new program announced just before Christmas, the advanced manufacturing investment strategy. We continue to monitor, review, refine and improve our measures as we go forward.

As part of that effort to improve our measurements, we are conducting, as an example, a study of trade and investment programming in other leading jurisdictions to consider best practices, to ensure that we're targeting the most promising markets and sectors, and that we're using

the most effective approaches to measuring results. As we're seeing elsewhere, everybody's grappling with the same issue: It's easy to measure activity and it's more difficult to measure results. We're finding similar issues around the globe.

In the 2003 audit, the auditor provided recommendations that specifically dealt with trade and investment that would help to effectively support the ministry's initiatives for increasing Ontario exports and attracting investment to this province. Since the audit, and as part of our restructuring back at the ministry, the investment division and the Ontario Exports Inc. division were merged into one to improve coordination of our international effort in key markets and sectors. As part of this merger, Ontario Exports Inc. was disbanded and the merged investment and trade division staff now deliver its programs. As announced this past April, just last month, the board of the OEI will be replaced by a new investment and trade advisory council, which will have an expanded role in providing feedback on both trade and investment programs and on our services. In addition, council members will be asked to promote Ontario's investment and trade development interests around the world. The new council will be comprised of a 15member board who will be corporate champions with strong representation from ethnic communities, entrepreneurial experience and representatives of a cross-section of the business community. Building on OEI's three-year strategic plan back in 2003-04 to 2005-06—that threeyear period—which was approved by the OEI board, the new division has further focused market and sector priorities, along with key activities for each. The new plan also tries to balance the importance of the US market as a trading partner with the need to make a long-term commitment to develop other important markets, such as China and India, as we see the emerging opportunities.

Regarding the Canada Science and Tech Centre in Jiangsu, China, the ministry assessed its relationship with the Jiangsu-Ontario Tech Centre and stopped funding it in 2004-05. We have just renewed our collaborative relationship with Jiangsu and are moving aggressively to forge a new partnership built on the mutual benefits of increased commercial ties. With a merged and focused investment and trade division, our ministry is providing leadership in supporting the development of a culture of innovation, promoting investment and expanding exports to the world.

Finally, I'd like to address a few of the specifics, just to clarify where we are on some of these audit recommendations.

Under strategic skills, the ministry has implemented steps to address the auditor's 2003 findings regarding tracking student enrolment and course completion information. We will continue to collect and record that information until all strategic skills investment contracts are completed in 2009.

Under travel expenses, in light of the audit findings, the ministry has taken steps to address the auditor's concerns regarding the management of travel expenses. The ministry has implemented an annual quality assurance spot check of travel expenses and, as part of our effort to make sure that staff understand what the rules are, our controllership group has developed an extensive training session on the new OPS travel directive, delivering 15 sessions during the past year, which covered almost all of our staff who do the travel.

Under management of consulting services, the ministry agrees that there should be value for money for consulting services, so we have implemented significant improvements in the management of such services to address these recommendations of the auditor. These include updated policies and procedures, improved communication of ministry policies and increased controls over the acquisition of consulting services. The ministry has also in this area implemented an annual quality assurance spot-check of consulting services. I'm pleased to say that our 2005 spot-check showed we have made continued improvements in this area.

Again, as an effort to improve our understanding within the staff ranks, our ministry controllership group has ongoing training programs for procurement and management of consulting services agreements. Over the past two years, we've given 10 sessions attended by 138 staff covering almost all of those who are involved in consulting services procurement activities.

As a last point, we have adopted the auditor's recommendation to hire on staff to manage our website at the Ontario Investment Service instead of contracting out that work. That move alone is saving the ministry \$150,000 a year.

In conclusion, Madam Chair and members of the committee, let me once again thank you for allowing me the opportunity to present some context before we get into the Qs and As. I trust you will agree that we've made some progress and that we're on the right track. We recognize there's always more to do and we're going to keep working at it. We'll keep pressing ahead with improvements.

As a final note, I'd like to extend my thanks to Jim McCarter and his team. He's changed the relationship between the OPS and the auditor's office; it's one of collaboration and openness. We feel as if we're working towards the same goal of providing better services to the taxpayers and the people of Ontario. Jim, to you and your team, thanks a lot.

Mr. Jim McCarter: Thank you.

Mr. Black: That's it for me right now.

The Vice-Chair: As each caucus will have equal time, I'm just looking at who might wish to begin questions. Ms. MacLeod?

Ms. Lisa MacLeod (Nepean-Carleton): Thank you very much for appearing here. I'm Lisa MacLeod, the newest the MPP in the room. I'm looking at a travel document, a travel reminder. I understand that the auditor, in 2003, made some significant and serious recommendations to you, and you followed up with a 2004 travel audit. Has that been made available to the auditor?

Mr. Black: Yes, it has.

Ms. MacLeod: What did you find in that interim

Mr. Black: I think, to sum it up, we found that there were still instances where we could do better in terms of making sure we had all the invoices for each of the travel meals and things like that. But generally speaking, we were sort of on the right track and making progress in improving that.

If Sheila McGrory, who's one of our corporate services directors in the finance branch, wanted to make a few specific comments, would that be appropriate for

you?

Ms. MacLeod: Yes. I think that would be great.

Ms. Sheila McGrory: In terms of the audit, I think the major issue that we identified was that the supporting documentation was sometimes lacking. We took a look at other areas and found out that there were some instances of miscoding of the transactions.

In order to remedy the situation, as the deputy mentioned, we have undertaken extensive training in the ministry. We have the numbers to back up the fact that we have provided extensive training in the last two years of at least 75% of the staff that are the heavy travellers.

We also provide extensive training in terms of deskside support as people are entering their expenses into the computer system, the IFIS system. If there are any issues that arise, we send somebody down from the controllership branch to assist them and to go through the directives with them.

Ms. MacLeod: I'm just assuming that this is the basis of this travel reminder from February 2006 that I have in front of me, which is a Ministry of Economic Development and Trade travel reminder—about 13 policy reminders, travel reminders, for ministry employees when travelling on Ontario government business. Is that the basis for that document?

Ms. McGrory: Could I ask our controller, Jan Yousef, to come forward?

Ms. MacLeod: I'm sorry to make everyone play musical chairs this morning.

Ms. Jan Yousef: The travel reminders are sort of quick tips for our staff to think about as they are planning their travels so that they don't forget anything. In addition to that, we also provide extensive support to them. We've given them a quick "travel at a glance" brochure that are the key points, the rules that they need to keep in mind, something short and sweet that they can pack up in their briefcase and take with them. We have done extensive training where we've literally walked them through the entire policy and made sure they understand the detailed need for receipts—

Ms. MacLeod: Excellent.

Ms. Yousef: —and actual management scrutiny of expense claims as well.

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Ms. MacLeod: There are 13 points here, and three actually raise red flags for me. Obviously, most of this stuff is straightforward. Having said that, I'm looking at, "Where applicable, the use of government-provided

calling cards provide[s] a cheaper long-distance calling alternative." Sounds reasonable. I'd like to know how many government-issued calling cards are out there and if there is a tracking mechanism to ensure that only government business is being applied to these calling cards. For example, do you only issue them when people travel, or do people have these in their wallets all the time and they've gone for a vacation and they are able to use this credit card?

Ms. Yousef: I don't have the stats with me to know how many people have calling cards in our ministry. We could certainly get that for you. My understanding, though, is that the regular travellers can get a calling card so they can take it with them on a trip. It's actually cheaper for us.

One of the things we did remind staff in training was that if you are overseas and you're going through a switchboard at a hotel, that's often very expensive and that gets into some very heavy-duty long-distance calls. We'd rather that they called in on a calling card and use it that way.

Ms. MacLeod: I appreciate that.

Ms. Yousef: Managers are to scrutinize the use of these calling cards so that in fact they are business calls. We don't want to see personal calls, other than those that are allowed by policy, the one per day.

Ms. MacLeod: I'd like to see that information. I think that as long as we're using them for the purposes intended, then that's probably a good thing.

Number 5 that you have here: "Do not use a personal credit card instead of the corporate travel card. If the corporate travel card is not accepted, include a brief written explanation and use a personal card," which also sounds reasonable but is a red flag. Do you have tracking on how many corporate cards are actually issued?

Ms. Yousef: Yes. I don't have the numbers with me, but we can certainly provide them to you. All of our regular travellers do have them.

Ms. MacLeod: Is there an oversight mechanism in place to ensure that each one of these corporate cards is actually being used for corporate purposes?

Ms. Yousef: Yes. Staff can claim the expenses on their card that are business expenses, but we also monitor it to make sure there aren't personal charges going to the statements, and if there are, we do follow up. If someone accidentally did use it for personal purposes, it would be their responsibility to pay it back, because the corporate card program works in that we reimburse the employee and then the employee pays the card company.

Ms. MacLeod: That's how that works? Okay.

The final one was number 13: "Managers must carefully review printed copies of all expense reports and receipts prior to approving them online," and it talks about documentation. It seems to me that that might be something that would be just normal business practice; it's funny that it's actually a reminder.

I'm just wondering, in terms of all of this, you've now implemented an annual quality assurance audit of travel

services, which would include this document. Has that been made available to the auditor?

Ms. McGrory: We are taking over this file from a previous CAO who has now retired from the ministry. We were advised that it had been provided. It was provided, I think, in March of last year.

Ms. MacLeod: Can you give us a brief synopsis of what was actually found in that audit?

Ms. McGrory: The key findings were that there was incomplete supporting documentation for some of the claims, I think about 28% of the claims. That meant that credit card receipts and hotel receipts were provided instead of the detailed receipts which would show, for example, what people had actually consumed at a meal. I think maybe about 15% of the errors were due to miscoding; for example, hospitality expenses, where staff had entertained a potential investor in Ontario and maybe paid for a lunch or a dinner or something like that, and that was actually coded to travel when it should have been coded to hospitality. So those kinds of errors were occurring. In the travel sessions that Jan's staff do as part of the training, she is emphasizing that these issues have to be addressed.

Ms. MacLeod: If there is an incomplete claim, does that mean it goes back to the staff member who is actually applying to get their travel expenses back, or do they actually receive their travel expenses back and it just is an incomplete form when it gets to the audit? What I'm basically asking here is, if there is an incomplete claim, does someone still get paid?

Ms. McGrory: No, they don't. If you go into the IFIS i-expense module, if something is incomplete, you get an error message and you can't get any further until you clear those error messages. It has happened to me personally. I've put something in, and it was above the limit, say, for a particular expense. In my case, I don't really have very many travel expenses, but in one case I had a meal expense. I think I charged \$10 instead of \$9.25 and an error message came up. My CAO had to actually sign off that that was in fact the cost of the claim.

Ms. MacLeod: So in light of these internal audits—the two you have undertaken since 2004—as well as this travel reminder that has gone out to all your staff, you're fairly confident that you're moving in the right direction and that we as taxpayers sitting around this table are the beneficiaries of your making sure there is less waste?

Ms. McGrory: Absolutely. We're providing extensive training and, as Jan said, her staff are monitoring claims. If we see anything out of the ordinary or anything that is not within the guidelines, Jan's staff are on the phone asking questions, clarifying things etc.

Ms. MacLeod: Thank you very much. I look forward to receiving the audits as well as the information on credit cards and calling cards.

The Vice-Chair: Excuse me. Could I ask you, just before you leave, to state your names again for the purposes of Hansard.

Ms. McGrory: My name is Sheila McGrory.

Ms. Yousef: I'm Jan Yousef.

The Chair: Thank you very much. Do you have anything further at this point?

Ms. MacLeod: Not at this point.
The Vice-Chair: Okay. Mr. Hampton?

Mr. Howard Hampton (Kenora-Rainy River): I've got a couple of questions. I want to take you first to the Ontario Investment Service website. We were told that the handling of this website was contracted out for a fairly substantial amount of money. The recommendation from the auditor's review is that there were things here that were fairly routine that could be handled in-house far more efficiently and for less cost. I understand that you have moved some of this work back within the ministry, but it's still substantially outside the ministry in terms of outside contractors. Is that right?

Ms. Robin Garrett: Yes. The total spending on contracts last year was \$500,000, and we've been able to reduce that by about \$150,000. So we do still have approximately \$350,000—approximately half—coming in to consulting.

Mr. Hampton: That is for the Ontario Investment Service website?

Ms. Garrett: Yes, it is.

Mr. Hampton: You must have other websites in the ministry, though.

Ms. Garrett: Yes, we do.

Mr. Hampton: Are they contracted out as well?

Mr. Black: I believe the answer is no, but we'll check on that.

Mr. Hampton: Okay. So this is the only one that's contracted out?

Ms. Garrett: There are a lot of data we collect for site collection purposes, so there's a large project required and it's more appropriate to use an external consultant for that part of the service on the Ontario Investment Service website. It's not necessarily data that we would have internally; we have to go and get it. So assembling the data is part of the work that's done.

Mr. Hampton: You have to go and get the data from elsewhere? You go outside the government?

Ms. Garrett: Yes, we have a partner with the Ontario real estate group that is able to help us assemble information about locations for site selection.

Mr. Hampton: I want to make some comments about measurement and monitoring. I'm talking here about trade development and field services grants—the auditor's recommendation: "The ministry should ensure that proper systems for monitoring recipients" or grants "are in place and that the success of each program is formally evaluated and taken into consideration in future funding decisions." What I note is that the ministry agrees that proper monitoring systems should be in place to support the evaluation of grant programs, and the ministry is implementing a process for tracking the programs' results, including monitoring the recipients. On the next page, Measurement of and Reporting on Program Effectiveness: "The ministry is committed to measuring the contribution of its programs and will

continue to refine and improve performance measures for its business and economic development activities."

Then in your response, or at least in the auditor's follow-up, you mention, "The ministry implements similar monitoring and evaluating procedures for new programs, such as the \$500-million Ontario automotive investment strategy and the \$500-million advanced manufacturing investment strategy. What I want to know is, what are the evaluation procedures, the monitoring

procedures for those two programs?

Mr. Bob Seguin: I'll take that. On the Ontario automotive investment strategy, part of our contractual obligations with the companies that we've committed to funding and that will be receiving funding is that they have to advise us of all the job commitments and how they proceeded to achieve those, their investment plans and how they achieved those, and we get reports back. Those milestones have to be met before any funding is provided, and then they also make provisions for future plans on employment. We will be getting reports on those as those projects are fully implemented.

On the advanced manufacturing investment strategy that has just been announced, the program hasn't yet been fully implemented. The newest projects haven't been announced yet. That's the same plan, that we will begin as contractual commitments from the companies receiving government funding. All those reporting their measures will be part of that contractual commitment.

Mr. Hampton: So there is a procedure in place for the Ontario automotive investment strategy. There isn't

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Mr. Seguin: It's available, but we haven't implemented the program fully yet because we haven't

announced the first set of recipients.

Mr. Hampton: I take it from what you're saying that some money has been spent under the Ontario automotive investment strategy; no money has been spent under the advanced manufacturing investment strategy at this time.

Mr. Seguin: Not as yet.

Mr. Hampton: So are you already tracking the Ontario automotive investment strategy?

Mr. Seguin: Yes.

Mr. Hampton: So you're aware, then, of how much money particular companies' operations are supposed to get, what their contractual obligations are and the timelines within which they must meet those obligations?

Mr. Seguin: Yes.

Mr. Hampton: It seems to me that part of evaluating and monitoring is also reporting. Is there a reporting system attached to this as well?

Mr. Seguin: Yes, there are reporting systems for each of the contracts that have been negotiated with those individual companies for the projects that we're investing in and they're on reporting timelines that we've agreed upon

Mr. Hampton: So those reporting mechanisms, are they monthly, yearly? How are they set up?

Mr. Seguin: There are always yearly reports, and depending on the contractual obligations with the company, it could be quarterly or semi-annually.

Mr. Hampton: Is money advanced according to those reports? How is money advanced? I'm interested, because \$500 million is a fairly sizable chunk of money.

Mr. Seguin: We advance funding based on the contractual commitments that we've agreed on with the company. After they've expended funding in the eligible areas and have reported back, then we've audited that those expenditures matched what they've committed to for that time period.

Mr. Hampton: What about results?

Mr. Seguin: We also track at the same time similar reporting of the results that have accompanied those expenditures, if that's required at that time.

Mr. Hampton: I want to be clear on something: Is public money advanced according to investments made by companies or is public money advanced according to results achieved by companies?

Mr. Seguin: Are those results achieved, are the companies actually making the investments in the areas they said they would and to the levels they said they would? So our monies track that. On any job commitments our funding is also—I'm trying to find the right word—contracted to the companies achieving those targets—

Interjection: Contingent upon.

Mr. Seguin: Contingent upon, thank you—contingent upon achieving those employment targets, and there are mechanisms in the agreement to claw monies back if they fail to achieve those.

Mr. Hampton: Claw money back after the fact?

Mr. Seguin: After the fact, if they fail to achieve those. Some of these contractual commitments go beyond the life of the project several years into the future, so we want to make sure the companies maintain employment for a number of years out. If they don't, there's the potential of clawing money back.

Mr. Hampton: So there's the internal reporting to your ministry. What is there in terms of external reporting? It seems to me there needs to be some external reporting of results as well. That's what accountability

really is all about, isn't it?

Mr. Seguin: There's a results-based plan that the ministry provides publicly. There's reporting on our results as a ministry, which includes the Ontario automotive investment strategy, and when fully implemented would include the advanced manufacturing investment strategy.

Mr. Hampton: When does your ministry report on

these things?

Mr. Black: Every year we report on results, and we have to essentially make our case for our allocation that this is what we're going to do for the years going forward.

I should be clear, though. In terms of the automotive investment strategy, we set targets for investment and jobs, and in that investment area we say things like training for skilled workers, or we stipulate that we will

pay only on those areas that are sort of innovative in terms of energy efficiency or environmental technology. So we're very specific about what it is we contract against. It's not just against any kind of investment. We've been very careful and very specific. As Bob said, the company has to report in with invoices to make sure that they've hit their targets and they've done what they said they're going to do by contract, and when the invoices come in, we flow the money after that, when we're sure they've hit those targets. Then as part of that results-based plan, we will be making that information available on an annual basis.

Mr. Hampton: On an annual basis when?

Mr. Black: After the year, when we've had a chance to measure all the results, tally it all up. About this time, sort of a month or two into the new fiscal year.

Mr. Hampton: I want to ask you about the advanced manufacturing. I think it's very important, if you're putting \$1 billion out the door, that you really do have proper monitoring, measurement, evaluation and reporting.

Mr. Black: Just to be fair, Mr. Hampton, that's a

repayable loan program on advanced-

Mr. Hampton: Yes. But it seems to me one of the things you also have is some fairly thoughtful and careful definitions. What's the definition of "advanced manufacturing"?

Mr. Seguin: In the program outline we let that definition be sectorally somewhat open to allow for a number of sectors to apply, not just the high-tech industry but allowing for other sectors that have innovative technologies—technologies that will allow industries to either leapfrog their current investments in terms of capacity or to bring new technologies to Ontario, either that they've created or that are available in other jurisdictions that would allow our industries to move forward.

The definition is not final. It allows for some flexibility, but we then contrast the project proponents against what is already available in Ontario and what's already available in the world to ensure that what we're investing in is not "me too" technology or not simply a brand extension.

Mr. Hampton: It seems to me that there's a lot of fighting going on before the US patent office about "me too" technologies, so I guess I'd ask my question again: What's your definition of "advanced manufacturing"?

Mr. Seguin: We're looking at innovative—

Mr. Hampton: Somebody would say RIM is advanced manufacturing. These two companies in the United States would say that's not true; it's "me too" manufacturing or "me too" borrowing of ideas.

Mr. Seguin: In the case of Research in Motion—

Mr. Richard Patten (Ottawa Centre): That's what they say. It's not true.

Mr. Hampton: You can assert that. RIM tried to assert that and ended up paying 675 million bucks.

It seems to me if you're going to measure and monitor, part of what you have to know is, what are we measuring and what are we monitoring? If you've got a very loose definition of "advanced manufacturing," I'm not sure how you get down to brass tacks with a concept like that.

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Mr. Black: If I might add, it's not an entitlement program; it's a competitive program. We have allocations for each year. We're going to make a call for proposals. When those proposals come in, we're going to take the best of the bunch. We can't do them all, because we have limited resources. There's a limit of \$10 million in loan for any one project, based on 10% of the total investment and a jobs commitment. We will be looking for things like research and development, innovative production processes that essentially, as Bob said, leapfrog what they've got in their plant now, that allow, within a corporate structure, the Ontario firms to look attractive for future investments that are being made at head office, usually someplace else.

We're looking essentially to move up the value chain to make sure those jobs are here for a long time. As I said, it's a competitive process. We will pick as many as we can in each of the rounds, and we're going to pick the best of the bunch based on that kind of criteria.

There are thresholds. It has to be \$50 million worth of investment, and 150 jobs have to be either retained, when threatened, or new, incremental jobs added.

Mr. Hampton: Say that again.

Mr. Black: We're only in discussions with firms that have at least \$50 million worth of investment that is part of the project and there are 150 jobs either being retained or created as a result of that investment.

Mr. Hampton: So if the company already has \$50 million invested, does that qualify, or does it have to be \$50 million of new, additional investment?

Mr. Black: New, incremental investment.

Mr. Hampton: So a company that has a substantial amount of money invested—you're talking about retention of jobs—but can't come up with \$50 million, would not qualify.

Mr. Black: Right.

Mr. Hampton: And a company that has only \$50 million but could come up with \$50 million more and has 150 jobs would?

Mr. Black: Yes. That's right.

Mr. Seguin: We said this is a competitive round. The government chooses the best of the projects. So there could be even more excellent projects involved.

On the issue of definition, we allowed a certain vagueness to allow for innovation in the economy. It's not clear that one sector has the line on being high-tech or the most advanced manufacturing. This is true across all sectors, not just automotive but aerospace, forestry, mining and food. We want to allow the flexibility to address where the greatest opportunities are without trying to define it so exactly that we actually narrow it to one sector only.

Mr. Hampton: It's a pretty loose definition of "advanced manufacturing."

Mr. Seguin: Between the competitive round, the sense that it has to be proven that it's going to be leap-

frog, that if we test it against what we know in the industry based on access to experts that this is different, this is innovative, this is new to the company, if not new to the sector, we believe we can grab the best of advanced manufacturing.

Mr. Black: There is a guide on our website essentially for anybody looking in to the ministry and saying, "There's a neat program. I wonder if I qualify?" There's a guide that says it's for these kinds of thresholds in terms of jobs and investment, and these kinds of activities. But we were careful not to say "only" because, as Bob said, it's hard to define "innovation" now. It happens in steel companies, it happens in food processing, not just in automotive. We wanted those projects to come forward and to have a look at them. As I said, it's a competitive process, and we're going to pick the best of the bunch. We can provide that website connection if you'd like, so you can have a look at it.

Mr. Hampton: I think we've already got it. Thanks.

The Vice-Chair: Thank you very much. Mr.

Delaney?

Mr. Bob Delaney (Mississauga West): I've got a few questions for you. They're going to focus on three areas: (1) My Company, (2) consulting services, and (3) IT projects. Let's start with My Company. Could you tell me what the audit reporting and accountability requirements are for funding recipients of My Company?

Mr. Neil Smith: First of all, My Company has been

cancelled.

Mr. Delaney: Is it Summer Company that's ongoing?

Mr. Smith: Summer Company is ongoing.

Mr. Delaney: Okay. Then assume that the questions

relate to Summer Company.

Mr. Smith: If I may just explain how Summer Company works, we have, in partnership with municipalities, 44 enterprise centres across the province. They help small businesses and start-ups. They're our partners in this process. Summer Company is a program for students—high school, university, college—to create their own summer job. We provide up to \$3,000 in financing.

The way the process works is, a student would do a business plan and submit it to the local enterprise centre, which would evaluate it. In each enterprise centre, there's a group of business mentors who help in the evaluation process. If they are selected, they are sent in to us at MEDT, which also reviews them, because we only have a limited amount of financing. If they are selected, they become part of a process that is monitored through the enterprise centre. Everything we do is electronic: They apply electronically, and throughout the whole process they set up their business plan, their cash flows and all their milestones online. They are monitored every two weeks by the enterprise centre and by the mentors; they're required to actually meet with the mentors. They get \$1,500 up front, and they get up to \$1,500 at the end of the process if they meet all their milestones throughout the process. So it's monitored every two weeks. We monitor it because we have access to all the data at head office. At the end of the process, the enterprise centre evaluates the student and their proposal. Each enterprise centre also does an evaluation of the program for their area, which is submitted to us, and then we evaluate the whole process once a year and try to improve on it.

Mr. Delaney: That's a lot of ongoing evaluation. Can you then say with reasonable precision that companies

did what their application said they would?

Mr. Smith: Yes, definitely.

Mr. Delaney: What is the failure rate on these companies?

Mr. Smith: The failure rate? I should have that here. I do have it, if you'll just give me a second here; it's quite small. I do have a general figure: Over the past five years, 93% of all applicants completed the program.

Mr. Delaney: When you say completed the program, they just followed through on the reporting requirements, or did the business do what the application say it would?

Mr. Smith: Some students in the middle of the process will quit and not complete their summer company.

Mr. Delaney: Where is that figure included? Is that

part of the 93% or the 7%?

Mr. Smith: Seven per cent don't make it from

beginning to end.

Mr. Delaney: Of those that make it from beginning to end, what proportion of those do what their application

said they would?

Mr. Smith: Virtually 93%. I have to be careful here, because as they're doing their summer business, things will change in terms of—you know, they are students; they are learning. They'll find out that some of their business plans weren't exactly the way they thought they would be, so they're changed throughout the process. Maybe their cash flows were wrong; maybe their marketing was wrong. With the help of the mentors and the enterprise centres, they would adjust accordingly. But we're satisfied that it's an educational experience to try to promote entrepreneurship. So a lot of the benefit here is the learning process, and we're quite confident that they've learned throughout the process.

Mr. Delaney: Let's try the query in a different way: What percentage of the companies, for example, turned a profit?

Mr. Smith: We don't have that figure here, but we

can get that for you.

Mr. Delaney: I would like that. Could you tell me what percentage turned a profit and what the median level—in other words, half over, half under—of that profit would be, and perhaps what the ROI would be on a profitable company? I understand that we're dealing with students, having been one, and I understand that things change. I'm just interested to know what it is that the ministry is funding in general terms. Is the program perhaps being aggressive enough? If we have a very low failure rate, perhaps the program is insufficiently aggressive. A very high failure rate may say that perhaps it's too lenient, but I might ask if the program is indeed aggressive enough.

Let me move on and ask you some questions regarding consulting services. What improvements have you made in the RFP process for consulting services?

Ms. McGrory: In terms of the RFP process, we have mandated that all staff who are going to need to hire a consultant have to have their requests signed off by the CAO, and in many cases also by the deputy minister, so that there is a justification or a business case as to why their work cannot be done internally within the ministry.

We also have a full-time procurement adviser on staff who sits with our staff members and makes sure that any RFPs that are generated by the ministry are in accord with the directives on procurement. We do extensive training. Our controller has conducted about 10 sessions in the last two years and we've trained about 138 staff who have had to deal with procurement issues in those training sessions. We have a special adviser who comes in on an as-needed basis, a person who has 15 years of experience in government procurement who advises us on any issues that arise and how they should best be handled. So those are some of the measures.

Mr. Delaney: How would a vendor, who has never before submitted an RFP response, find guidelines and gain access to RFPs from the ministry?

Ms. McGrory: Gain access to RFPs?

Mr. Delaney: Right.

Ms. McGrory: First of all, the ministry has a policy of always doing competitive procurement. Any RFPs that we issue where the value is over \$100,000 for the contract, or the estimated value is over \$100,000, are published on the electronic system called MERX. We also have vendor-of-record lists that are supplied by the Ministry of Government Services. They do extensive screening of available consultants with specialized areas of expertise, and ministries are instructed to use those vendor-of-record lists. MGS, as I said, has done extensive screening of those consultants.

Mr. Delaney: Thank you. That's pretty comprehensive. I just have a few more questions on IT, and I believe Mr. Zimmer has questions.

Interjection.

Mr. Delaney: Okay. I'll come back to this on our next round.

Mr. David Zimmer (Willowdale): I just have some questions on page 324 of the report, under the "Export Trade and Investment" section. Looking into the future basis, it seems to me that one of the great challenges that the ministry faces is dealing with rapid and unexpected changes in the world order that trickle down—more than trickle down-that sometimes fall onto Ontario and affect the economy. Principally, obviously, I'm thinking of the changes in the Canadian dollar, oil prices and the uncertainty of international politics, particularly in China, southeast Asia and so on, and how that can rapidly affect the economy here. What strategic plans have you got for the future so that your ministry can react very, very quickly to rapidly changing circumstances that might affect our economy; for instance, a sudden and dramatic change in the dollar or oil prices or a political regime that perhaps affects our relationship with offshore suppliers to

Canada? How quickly can you get a plan up and running or react to that sort of situation?

Mr. Black: I'll start, and then if Robin wants to jump in. I'd like to think that we can do it relatively quickly, for a couple of reasons. One is that we have strong relationships with a lot of organizations, like the Canadian Manufacturers and Exporters and the Ontario Chamber of Commerce. We've actually worked quite closely with these groups, and they're sort of the canary in the cage for us in many ways. We work, as I say, hand in glove with them. They feel a lot of stuff before it's ever reported, so that relationship has actually paid dividends in terms of helping us build our strategies and our plans for international markets and sectors.

We also work very closely with the federal government, who have many more resources on the ground than we do. Some of our resources that we have deployed throughout the world, for example, are co-located in federal missions abroad. We have a person in the Tokyo embassy, for example. So we get all the benefit of that intelligence that's gathered on the ground by the many more resources at the federal level.

I would also say, on the idea that the Premier and the minister have just announced last month to have a new board for the Ontario advisory council on investment and trade, that we're going to pick some of the best and brightest business people from around the province in a variety of sectors and use their expertise and connections to help us sort of ferret out that information as it's becoming available. We think that, through a number of relationships we're building and some of the things we're putting into play in terms of our strategies around the new council, that will help us immensely.

In terms of the dollar, nobody expected a 90-cent dollar two and a half years ago. Even now, some people are saying we're going to be at par, while others are saying we're going to go back to the mid-80s. I guess it's one of those—nobody really knows what's going to happen. What we're finding is that exporters of course are feeling the pressure, but they've coped fairly well. To their credit, they've been making investments in productive machinery and equipment, they've been doing skills training, they're moving up the value chain to essentially ensure that they've got the resources and the ability to compete in a different way than they had before.

Besides the level of the dollar, it's the rapid change in the dollar that has caught everybody by a bit of surprise. As I said, we've been pleasantly surprised by how well our manufacturing and exporting sector has done in the face of that. If you had asked that question of me 18 months ago and said we're at 90 cents, I would have thought that the bottom might have fallen out of our manufacturing and exporting sector, which has not been the case. We've certainly felt some pain in those areas and we've lost some manufacturing jobs, but we've still, I think, managed through, better than most would have expected and certainly better than the consensus of economists would have said we would.

Robin, did you want to—

Ms. Garrett: The only thing I would add is that we do try to make sure we have a good pulse on what's happening and by having networks with organizations like CME, as was mentioned. We also work very closely with other research groups like the Conference Board of Canada, the federal Stats Canada and the people in the field. So we have a good pulse on what's going on.

In addition to that, we do our own research and look at Ontario specifically. We actually have a project under way right now, which was mentioned earlier, that will look at competitive jurisdictions, that will look at measurements and poise us to be best able to deal with new things that hit us by looking at best practices elsewhere.

Mr. Zimmer: If I could categorize that sort of response or concern, for instance, it sounds as if there's almost something equivalent to a rapid-response team to deal with these kinds of issues that flop out of nowhere. Can you give me some sense of what portion of the ministry's resources in terms of persons and money spent is devoted to this sort of gearing up for the rapid response or the intelligence gathering for what's going to happen in the next six months, 12 months, 18 months?

Mr. Black: It would be hard to disaggregate that information because, in effect, it's part of everybody's job. In Robin's division, folks are tracking investment leads, folks are helping exporters break into new markets, for example; it's part of their job. If you're going to show somebody how to export to India, you don't take a flyer. You do your homework. You have to know what the matches are on the other side, what the strengths are that we have in terms of our homegrown companies. So it's essentially embedded in everybody's job that they have to be part of this rapid response. They have to feel these changes and get that information.

In terms of a more macro approach, the Ministry of Finance, in their economic policy division, which has probably 90 or 100 people, if memory serves me—those are the folks who are actually doing a lot of the data crunching and that stuff. They have good relationships, I know, with U of T and other organizations out there that watch the world in terms of these kinds of changes. So

it's a bit of a blunt answer, I suppose.

In Bob's division, which is the industry division, they have contact with the largest organizations and the largest companies. In Neil's group, he has field staff and it's part of their job to talk to these businesses: "What's happening? Are you gaining ground in the States? Are you losing ground? Have you broken into new markets?"

When I say it's embedded into those jobs—if you force me to put a number on it, I would say probably 20% of everybody's time is sort of worrying about what's happening, what's changing; not just grinding away on the day-to-day stuff to make sure that we're getting results, but also watching and listening and dealing with people.

Mr. Zimmer: My last question is, in terms of dealing with this rapid response to changing circumstances, if you could wave your own magic wand, what two or three

changes might you make in the ministry to enhance that ability to respond rapidly? If you could just wave your wand and make it happen, what—

Mr. Black: As long as this doesn't get back to the Ministry of Finance—there are still some of my friends over there—it's always nice to have more resources. But we work with what we have. It would be nice to have more people on the ground in markets where we know there are emerging opportunities. For example, we have nobody in Brazil, a country of almost 300 million people. If you ask the federal government where they rank in things, they would put them right up there beside India, after China, as to new opportunities that need to get tracked down.

The truth of the matter is, almost 90% of what we export goes to the States. Some might sit here and say that's too many eggs in one basket and we're vulnerable that way. Fortunately, the American economy is still steaming ahead, but there are some warning signs on the horizon. We would certainly like to be able to diversify our trade promotion to get into those other markets, but that would entail literally hundreds more people, and that's not going to happen. We have people on the ground in—we've picked our spots. We have people throughout the States, we have people in the EU, we have people in China, we now have an office in India. Those are staff, Ontario civil servants. In those areas, in every case where we've gone in with one of our OPS people on the ground, they've become in effect federal civil servants because they're inside the missions and privy to all that information. They go through the same security and health checks that federal civil servants do. When I say "in effect," they're treated as federal civil servants, which is great because they have all those resources; 250 people in the Tokyo embassy. Essentially, we're part of that infrastructure and get all that information. So that's a good thing to do.

We also hire in-market contractors, people on the ground, domestic in those markets. We hire, for example

in—a good example?

Ms. Garrett: Europe.
Interjection: Life sciences.

Mr. Black: In Europe and life sciences, we hire somebody whose specialty that is and they go around promoting Ontario opportunities for outward-bound investment, joint ventures, inward-bound investment, on

the ground working for us to ferret out those leads that we can then follow up back at head office.

Magic wand? I'd take it, but I'm not going to get it.

Mr. Zimmer: Second-last question: Who makes the decisions about staffing and resources? For instance, you used the example of Brazil; we don't have anybody in Brazil, and I agree with you, that seems an obvious place to invest some resources, money and people. Who makes the decision—or how is it made—to do something in Brazil or not do something in Brazil?

Mr. Black: That's a complicated question, but let me take a crack at it. The decision for the total resource base for the ministry is a government decision. It goes through

Treasury Board and cabinet for approval. You get your allocation and what you end up with is what you end up with.

Interjections.

Mr. Black: Get in line.

Ms. Garrett: We actually do have some resources working with us in Brazil. We have engaged a consulting firm. The third type of international representative that was not mentioned is what we call an international trade development consultant. This is somebody who is doing matchmaking for us to help with our companies, our exporters that are going into those markets. So we have three actual models that we use: the people who are OPS staff and are co-located, those sector experts who are drumming up investment opportunities, and we also have individuals who are drumming up the trade opportunities.

Mr. Zimmer: My question remains, though. How is a decision made to put a drive on to do something with

country X?

Ms. Garrett: We do a lot of deep research to find out, first of all, what the opportunity is, because some markets are going to be more investment-type markets, others may have more opportunity for exports, and in others, both. So we would look at what is the best type of representative we would need in those markets, make the recommendations and go all the way to the minister's

office to get the approvals to proceed.

Mr. Black: I'll cut to the bottom line: In effect, I do. The divisions make the recommendations, we've done our research, we've talked to the feds and all of our networking organizations and we think that, given that we've got X number of people, these are the markets that will bear the most fruit, whether it's on the investment side and trying to track down investment or whether it's on trade opportunities. Those recommendations come through to me and I discuss it with my minister as we're developing our plan for the year. He has to approve because he's the guy on the spot for this stuff, but it's my recommendation, based on what the divisions say.

And it becomes a trade-off. If the minister says, "I think we need a person on the ground" in Brazil of a particular variety to track down either investment opportunities or joint venture opportunities, then I have to decide from other divisions—am I going to take somebody off of the automotive investment strategy? That may be an extreme example, but those are the kinds of decisions where we have to find the flexibility from within to do that stuff. So there's a bit of manoeuvring and, as I said, we're working with the resources we're given and trying to essentially pick those spots that give the best return to taxpayers.

Mr. Zimmer: And in the best of all worlds, you could

use more resources.

Mr. Black: I think every ministry would probably say that, so I will: Yes, sure.

The Vice-Chair: We'll move on to Ms. MacLeod,

please.

Ms. MacLeod: I'm head of the lobby now, David, on this side to get to Brazil. I just want follow up, still with the travel—and not on my, hopefully, trip to Brazil. I

noticed here on the travel document—and I skipped over it; I'm sorry—"Do not claim the daily meal rate in addition to actual costs for representational meals/'hospitality." I have two questions on this. One is how often did that actually occur? Is this a big number? The other thing is, what is the daily meal rate? Do your staff get a per diem to travel, and what would that be?

Mr. Black: I'll start. If, for instance, we're doing a business lunch in Ontario, there are per diems that are frankly not very high. We've got those numbers. Federal per diems usually apply when we're out of province.

Ms. MacLeod: So you get the federal per diem out of

province?

Mr. Black: We work with that one with some flexibility. For instance, if you're in Paris at a life sciences event where you're trying to court some possible joint ventures or investment back into Ontario, you can't eat for five bucks a day. But we try to be very careful on that because it is taxpayers' dollars.

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Ms. McGrory: I've got the allowances here. Breakfast is \$6.75, lunch is \$9.25, dinner is \$18. That's a total of \$34 per day. Those rates are inclusive of tips and taxes.

Ms. MacLeod: This is Ontario?

Ms. McGrory: Yes.

Ms. MacLeod: What's your per diem federally? Is it

\$72 or something like that?

Mr. Black: I think it might be a bit more than that, but not a lot. We can get that for you.

Ms. MacLeod: Yes, I would be interested in seeing that.

Ms. McGrory: Okay.

Ms. MacLeod: Now, I'm going to switch gears here a little bit. I want to talk about the strategic skills investment program. I'm looking at two different documents. I understand—correct me if I'm wrong—that you are following through for the database concerns with the ministry just until 2009 for the new data report to track and summarize student enrolment, tracking student enrolment and course completion information for SSI, and examine options and proposed recommendations to track whether graduates obtained employment in the areas for which they were trained. Does all of that go until 2009? In relation to the fact that it was actually cancelled, has this reporting mechanism also been cancelled?

Mr. Seguin: With the decision not to proceed with the program after 2004, we're still tracking those projects that have been approved and that are still being finalized and fully implemented up until the end of the projects. For those projects that have been completed or are in the process of completion, we've tracked those and have far more substantive records on those because they were into full implementation mode, or have been completed.

Ms. MacLeod: I've got two questions that flow from that. The first is, you're saying here you're examining options of proposed recommendations to track whether graduates obtain employment in the areas for which they were trained. What are those options and proposed recommendations?

Mr. Seguin: We looked at several options. The one that we still favour is one where we survey the employers and the people they've hired. Have they received the training from the projects? Are they satisfied with those people they've hired? And with the training institutions, helping them track.

We recognize that the students are able to go as they see fit. They either proceed with their career direction, change their minds and try another direction, or leave this jurisdiction and move on to others. We can't keep track of them that way, so we have to work with the institutions or with the employers. Our view is that if the employers feel and have felt in the past very comfortable that they've got the people that they needed with the talent they wanted, that's an indication that the program has been somewhat successful.

Ms. MacLeod: There's actually a question that flows from this for me. It seems to me, since this was an initial concern in 2003 by the auditor, the program was then cancelled. Is there a mechanism in place to flow that information back annually to the auditor to say that this has actually been tracked?

Mr. Seguin: There are reporting mechanisms within the contractual commitments we have, and our intent is to follow up with employers. We'll track that as a ministry piece. I guess we could provide this back to the auditor, if he wishes.

Ms. MacLeod: Yes, the status of your implementation would be good. Now, just the fact that this program has been cancelled, is there something comparable in place in other ministries and are they tracking it? Would you know that?

Mr. Seguin: The Ministry of Training, Colleges and Universities has expanded its apprenticeship programming. My understanding is that our colleagues at MTCU are tracking through that program as their apprenticeship programs have been becoming fully implemented.

In our program with the automotive investment strategy, there is a training component that the deputy mentioned. As part of those contractual obligations, we follow that in how those staff have been trained and whether or not the companies have been completely pleased by all that. Of course, our funding is dependent upon that employment being completed to the standards that are required and that the job commitments are then made by the company.

Any other initiatives that the government has are in discussion. I was just thinking essentially of the apprenticeship training program in our initiatives. We are also looking at the government's signing of the immigration agreement last December and the labour market development agreement, how those two initiatives might then flow out between the two governments, the government of Canada and the government of Ontario, to help the industry, and if there are any remaining gaps, what those gaps are and if something is needed to fill those gaps. The skills issue is still a major concern for businesses in Ontario, but there are a number of initiatives going forward. We're trying to find out what the

gap is, if there is a gap, and if that is a gap this ministry should participate in or there is other programming that could address it.

Ms. MacLeod: Just one final comment, to follow up on Mr. Delaney's line of questioning on Summer Company: Particularly at the end, I was very interested in his line of questioning about the percentages of failure and success, and what actually would define success. I don't think we're very clear on that here. I think that somebody could be completing the program and handing in the paperwork for eight weeks. Could you tell us clearly what the mandate is? Is it solely based on skills and learning, or is it to in fact turn a profit? I think we have to know how we're going to define what success is.

Mr. Smith: The purpose of the program is to teach entrepreneurial skills to the students. We do track the number of jobs and we do track how much they make, but it was designed to get students to start the process, to learn how to do business and how to start a business. We do plan, in 2008, to do what's called a longitudinal study to follow the students into the future and see where they ended up: Did they start permanent businesses of their own? Was the program helpful in terms of where their career went? So that is in our plans.

Ms. MacLeod: That's fantastic. Thank you.

Mr. Hampton: I have a question about the website: Was the particular website that I asked you about earlier done according to an RFP to an outside contractor?

Mr. Black: Yes, it was, and it would have been set up—this is a huge website. Anybody coming from another country who wanted to find out what Ontario has to offer—it's almost a bit of a modelling, not just a bunch of information—could plug in some variables to find out which sites actually work better for them, in terms of property taxes, electricity costs and a whole bunch of other factors that are put into play. It's pretty extensive and, as I say, not just one of those where you can punch up and get a few pictures. It's pretty intensive in terms of the data that's stored. So the answer is yes, there would have been an RFP. The management service that we have been talking about in terms of the \$350,000 is managing this huge website for us. We still need a little bit of help on that with some specialized services.

Mr. Hampton: But it would have been done according to a specific RFP?

Mr. Black: Years ago, yes, it would have been.

The Vice-Chair: Thank you, Mr. Hampton. We're back to Mr. Patten.

Mr. Patten: As some of you may know, I worked for a while with this particular ministry. Just on that student program, I have a suggestion: It might be wise to invite MPPs when you have the awards program and the introduction. They're all throughout parts of Ontario, where these kids come together and present their plan and what's going to happen. It's kind of a second stage, because usually they're an award winner of a business plan program in a high school. The overall objective is essentially to create some interest and enthusiasm, starting with high school and college students, to consider starting your own business, and what that means and the

things you start up with. I just wanted to share that. I found it really, really exciting. I'm glad to hear that you're following up with a longitudinal study. I think that will be very, very useful.

I have some broader questions. I just want to comment on travel expenses. Of course, public accounts is here to look at procedures and how money is spent and all this kind of thing, but part of me says that we sometimes lose the forest for the trees in our expectations. In particular, this ministry is charged with promoting trade and economic activity, not only locally, but provincially, nationally and internationally, and the interchange of investment and one thing or another. The absolute joke of the confines of six bucks for breakfast—look, you can't buy a cup of coffee in Tokyo for that. It's bloody stupid.

I would say this to the auditor: I think that at some point you should challenge the system, not just on how little they should be spending but on the realistic things. It's an embarrassment for our ambassadors, for our people, when they go to some of these places. You go to Geneva or to Paris and you're negotiating with some top industrialists, trying to attract some investment to come to Ontario, and you can't even take them to the YMCA for breakfast or lunch or anything of that nature. I just say that we should be realistic. We've become pennywise and pound foolish, especially in that whole area. That's not to say that there shouldn't be accountability or anything of that nature. I agree with that totally. Did you have a comment?

Mr. McCarter: We chatted a bit just in camera about—I think the \$6 is the Ontario rate. I suspect the federal rate is a bit higher. We chatted in-house. To be honest, and maybe I shouldn't say this, but even on the record, we find the Ontario one—when our staff is travelling and staying in a hotel, to have breakfast for \$6, you're not having the big buffet breakfast, I'll tell you that. In talking to my Auditor General colleagues from across Canada, I think Ontario is at the low end when it comes to these expenses. That is a policy decision of the government, I might add.

Mr. Patten: Sometimes these policies are just perpetuated because of fear of public reaction and opposition parties attacking the government; ours included, by the way. I'll leave that for now, but there may be times when the auditor may say, "We should be realistic on some of these things," because they're not realistic at all.

I have two questions, because I want to take advantage of the opportunity here. I don't know if the you are exploring these areas. You didn't talk about this too much—maybe it's because of the audit papers—so if you could talk a little bit more on the small business development side. I know we have all kinds of small enterprise centres, small business development offices and that sort of thing throughout Ontario, if you could comment on that.

The other one is, I found that Ontario is one of the few provincial jurisdictions that doesn't have a program related to local community economic development. Some provinces have very sophisticated, very expansive networks, especially in the rural areas and small communities, enhancing and supporting the infrastructure of local economic development activity. I say this having co-chaired a task force with Crossing Boundaries, which is a national non-profit organization. It was interesting to see, and I found it fascinating—my impression was that Ontario likes to play with the big guys, Bay Street and all this sort of thing—that for some reason it seems we're certainly not as active with the little infrastructure throughout Ontario as many other provinces are.

I'd like to leave those two questions with you to comment on.

Mr. Smith: I can start on the small business Mr. Patten has already referenced. We try to start at the youth stage trying to get the entrepreneurship. Mr. Patten has referred to another program we have on secondary school business plans competition. We also have our enterprise centres where we're in partnership with the municipalities. Their role is primarily for start-ups; someone wants to start a business, or they have a very small business and they want to seek some additional financial help or whatever.

We move through the continuum, as I refer to it, into the larger types of firms. We have 12 field offices in southern Ontario where we have business advisers who work with the more established firms, helping them in terms of exports or looking for new markets, finding additional finances, or whatever it is that we can help with. They're very active on the ground.

They're not only active on the ground with the business community but they also work with the municipalities on economic development, on investment attraction. So we have that part of it.

A year or so ago, the Small Business Agency of Ontario was established, whose specific purpose was to look at the paper burden and regulatory burden facing small businesses. They have several initiatives underway to try to improve how government works with small business. There are a number of initiatives and programs that we offer in terms of small businesses.

I would mention that there are also other ministries that get involved in this. The Ministry of Agriculture and Food, for example, has a number of rural programs. One is called BRE and another one is called RED. We work in partnership with several other ministries in this area also.

Mr. Black: If I might add, Mr. Patten, you're right. We don't have a formalized approach to local economic development, but probably the biggest picture that I can provide to you in terms of our working relationship from the ministry down through our field offices and into the local economic development offices in the communities is that we worked hand in glove, for example, with the Woodstock economic development officials to land Toyota. We couldn't have done it—perhaps I could say they couldn't have done it—without helping each other, both sides. We knew what we had to do, and we worked very closely. That's probably the biggest opportunity that has come across our desk in the last 20 years, but there

are lots of other opportunities that are not as flashy in terms of the investment and the jobs, where we actually work very closely to help local officials land these investments. That's part of Robin's and Neil's duties in terms of working very closely with the regions and communities out there.

Mr. Bill Mauro (Thunder Bay-Atikokan): I heard Minister Phillips mention a few times in the House that since October 2003, we've brought in-house somewhere around 500 jobs associated with work that was formerly outsourced in terms of consulting contracts, at a significant saving to the government. I forget that number. I think \$200 million or \$400 million is the number he put on it.

When we're talking about this Ontario Investment Service website—you mentioned that you have multiple websites, but that is the only one that you contract out and require outside work to manage—I guess my question is, is that something that has been brought in-house recently or was it formerly outsourced and managed from the private sector as well?

Mr. Black: I'll take a crack at this one, and somebody can correct me if I get it wrong. Those sites have always been inside. When we talk about some of our websites, we have a website on the gov.on.ca site. We have a number of other web-based things in terms of applications for Summer Company, which would be part of a website as well. The answer would be that most of those, if not all of them, have always been inside.

Mr. Mauro: And on the distinction with this one being managed outside, I think the answer was something about data collection that's not required with the other sites?

Mr. Black: Right.

Ms. Garrett: Yes. In working with the Ontario Real Estate Association, we need to gather information.

Mr. Mauro: When you, within your ministry, design programs intended to try and attract investment or create trade within the province of Ontario, is there a bit of to and fro between the ministry and the political side in terms of the design of the program around how flexibly you can maintain the parameters of the program versus a prescriptive nature? I'm thinking back to the earlier questions around loose definitions of what might be advanced manufacturing and just trying to get a sense from you, in terms of your internal decision-making, when you're designing these programs to maintain an ability for the province to leverage as much of this investment as we can. You will have X dollars assigned to this particular program, and if, at the end of the year, you've left money on the table because a particular investor did not fit into one of your prescriptive boxes, I'm not sure that benefits any of us. I wonder if you could just talk to me a little bit about that sort of internal decision-making.

Mr. Black: I'd be happy to. The short answer is yes. We provide options. On the advanced manufacturing investment strategy, for example, we would work up several options that would look to be prescriptive or less prescriptive, that would look to be sectoral in focus as opposed to more broadly based and those kinds of things.

Then we would work through what those impacts look like, what can you actually expect to do with that, and is that the kind of outcome and result that the government wants to live with? Of course, before we actually go to the government, we go to the minister to get his read on it, what his preference is based on the information that we provide, and we try to do that in a disinterested way in the sense of providing the facts and as much information as we can, and then let the minister and the government, through the cabinet decision-making process, decide which way to go. I would expect that that's the case with any program in any ministry. It would be one of those things where you have to pass muster at each of those stages.

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Mr. Mauro: To summarize, you would prefer to have some discretion around your ability to attract investors?

Mr. Black: When you're talking about advanced manufacturing, the answer would be yes. Things have changed so much, even in the last year, in terms of what firms are doing, what technology now looks like compared to what it did even a few months ago. It would be very difficult for us to be so prescriptive and say, "This is what we're going to do," and then have to go back and change the program because something essentially trumped our definition.

Mr. Mauro: Right. I just want to be clear, too, on one other thing. I think you mentioned on the auto sector stuff that you will track and ensure the investment from the private sector before the public sector money flows. Is that what you said?

Mr. Black: Yes. We do not flow any funding to support those investments until we see invoices of actual expenditures. They're audited. We know that they're in the bins that we've contracted against. So it's after the fact, yes.

Mr. Mauro: The last question from me is which of your four divisions has responsibility for the GO North program?

Mr. Black: That would be our investment and trade division.

Mr. Mauro: Can you speak to me a little bit about that: where we're at with it, how much of it is still with you and how much of it's with others?

Mr. Black: You've answered what I was going to say, which is it's a joint effort between ourselves and the Ministry of Northern Development and Mines. We're primarily on the investment promotion and investment marketing side of things. Do you want to add, Robin?

Ms. Garrett: The component that we have taken on is the whole marketing piece and developing collateral materials that we can use. Some of that has already been established. We've done some fam. tours and those kinds of things and gathered testimonials. All of that groundwork has now been done, and we're using that material to help gather the investments.

The other piece that we are contributing to is the investment leads and in working with our network of international people and our staff. We're always trying to

think about the opportunity for the north in all of the work that we do on the investment side.

Mr. Mauro: If you need any promotional materials from Thunder Bay, you'll let me know?

Mr. Black: Absolutely.

Mr. Mauro: All right. Thank you very much.

The Vice-Chair: I think our last question is from Mr. Delaney.

Mr. Delaney: I'd like to pick up where I left off before the last round. But, first of all, with regard to some of the expense limits that we've been discussing—and perhaps to the auditor—would it be possible to develop some kind of a baseline, especially for a ministry whose business is business development, some measure that compares what is acceptable in industry as compared to the baseline, which may be in a more predictable, more static environment here in the civil service?

I completely agree with Mr. Patten about the very low limitations. I can only observe that more than 20 years ago when I was a junior- and mid-level marketing person, I had far more flexibility over spending my company's marketing budget than many of the senior people here have. It doesn't really make sense. Perhaps we could provide a scenario whereby this particular ministry could be granted a greater degree of flexibility to do things that might be extraordinary in another ministry but are very much in keeping with the nature of the business done here. Even 25 years ago, I can remember going out and entertaining a client to very good effect for a \$300 lunch. We got full value out of it in the end. I'd just put that to you perhaps as a request, as the auditor.

I'd like to focus a few questions on IT. We've talked about the fact that there are multiple websites under this particular ministry. Just for my edification, roughly how many such websites?

Ms. Garrett: There are two that we have in investment and trade: one that deals with exports and the other that is our Ontario Investment Service, which we've discussed. The export website is aimed at small businesses and companies that are interested in using our service assistance in going global, so it's a lot of data. It's information about missions and seminars and activities that we have going on.

Mr. Delaney: In terms of the overall direction of the site, does the overall direction of the site rest with IT people or a functional manager concerned with the results the site is intended to achieve?

Ms. Garrett: I can comment on ours. We have people who develop the content for the websites; we have marketing people involved in doing that. We also have some IT experts who can get the information on the website.

Mr. Delaney: In terms of responsibility for the website, does the buck stop on the desk of someone who would be seen as an IT person or someone who would be seen as a functional person?

Mr. Black: I would say more the latter, on the functional. It's got to work for people who are coming in, like

regular business folks who are not, perhaps, IT literate to the point—

Mr. Delaney: Thank you. I very much agree with you.
Mr. Black: Let me clarify: When we talked about

websites, I probably got confused between websites and databases. I was told there'd be no math—that's just an old joke. We really have two websites. We have our general gov.on.ca website and we have the website that's at the Ontario Investment Service.

Mr. Delaney: What is standardized in the sites? For example, is hosting done with the same provider?

Ms. McGrory: It's an internal provider, yes.

Mr. Delaney: Okay. What about the development platform and the database? Both are data-driven. Would you use, for example, the same back-end database, be it Oracle, SQL Server, DB2, whatever it is?

Mr. Black: I'll introduce Guy Poirier, who's our manager of strategic intelligence in investment and trade.

Mr. Guy Poirier: Actually, for the export one, it's a Lotus Notes-driven database that's been customized based on Lotus Notes. There is one person who's a whiz at making it all work.

Mr. Delaney: Okay. Would you use, for example, the same coders to write code on both websites? Would the platform be the same? Would you be, for example, developing it under, say, Visual Studio .NET or under a Java platform? Are you using the same platform to develop it?

Mr. Poirier: Right now, since both websites were completely different—they were based on different models—the challenge now is exactly what you're referring to, to make both of them—right now they aren't. The plan is, following the government IT procurement rules, to eventually move to make them the same. For example, not only in our ministry, but in other ministries, many of the government databases run on a Lotus Notes platform, and I can't speak for all clusters, but I know for our information technology cluster that groups several business ministries, we are moving away from Lotus Notes towards other platforms. So the answer is yes, we're moving toward a single one.

Mr. Delaney: So to make a move away from Lotus Notes, you would essentially be looking at developing a completely new application from the ground up?

Mr. Poirier: Yes.

Mr. Delaney: Okay, good. In terms of doing that, do you have a comprehensive procedure for testing and acceptance of projects like this?

Mr. Poirier: Yes. It's not one that I'm familiar with, but it's one that I know we have to follow, again, the information technology cluster of rules on this.

Mr. Delaney: Thank you.

The Vice-Chair: I think that this completes our round of questions. I'd like to thank you very much for being here today and providing us with this information.

We will now move into a closed session, I'll just remind committee members.

The committee continued in closed session from 1120 to 1131.







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Deuxième session, 38^e législature

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 23 November 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 23 novembre 2006

The committee met at 1010 in committee room 1, following a closed session.

2005 ANNUAL REPORT, AUDITOR GENERAL

MINISTRY OF GOVERNMENT SERVICES

Consideration of section 3.11, Office of the Registrar General.

The Chair (Mr. Norman W. Sterling): Good morning. The committee has decided to ask the Office of the Registrar General to comment with regard to the auditor's most recent report regarding the Office of the Registrar General. Welcome to you, Deputy Minister DiEmanuele. Would you introduce the people with you? And would you like to have an opening statement?

Ms. Michelle DiEmanuele: Yes, please.

The Chair: Please proceed.

Ms. DiEmanuele: Thank you, Mr. Chair. My name is Michelle DiEmanuele and I am the deputy minister for the Ministry of Government Services. I'm obviously here to talk about the Office of the Registrar General. Joining me is Frank D'Onofrio, who many of you may remember from the Ministry of Transportation—he is now our assistant deputy minister for ServiceOntario—and Judi Hartman. Both will be available to answer detailed questions as we go through this.

I'm happy to have an opportunity to speak today because the ministry has, I believe, been responding very effectively to the auditor's report. In fact, during the time that the auditor's staff was in, I'd like to say that I think we were working quite collectively at trying to ascertain the issues and the importance of getting to service improvements. I believe we've made a number of improvements; however, the auditor's report did raise some other issues of importance and we've continued to work on those post the report. I'd like to talk to you about those and update you on the progress to date.

The report made a series of recommendations, and while there is some overlap between the sections, I'll give you an update quickly on where we're at. Each of these recommendations is an important area of business for us, and we're committed to making the ORG and all public services among the best.

The ORG provides fundamental services. When someone can't get a birth certificate, they also can't apply for a passport, driver's licence or social insurance number.

Without a death certificate, you often can't settle estates. Without a marriage certificate, a spouse cannot apply for benefits or insurance. These are real problems for real people, and, as deputy minister, I want you to know I take the responsibility very seriously about being able to respond to these service needs.

We have made significant progress in improving services, with a multi-year plan supported by a \$16-million investment. I can comfortably say that many of our programs are the best in North America and, I dare say, across the world. There are areas that we are still working on, but we have seen enormous progress.

The first set of recommendations focused on eliminating the delays in the registration events, correcting errors and informing people if an event had not been registered and what they need to do. We have addressed these recommendations. In fact, all registrations for births, deaths and marriages are completed within six to eight weeks, and errors are corrected within five days. This is the standard we publish on our website and on our application forms. If a person applies for a certificate where the event has not been registered, the ORG sends a letter telling the applicant exactly what they need to do. This letter is sent three times or until the process has been completed. To make things even easier, the ministry launched a pilot project to allow parents with newborns to register their child's birth and apply for their birth certificate and social insurance number at the same time. We are also working on a plan that will help save even more time by making registration a one-step process. This will improve services and reduce cost to the taxpayers.

The second set of recommendations dealt with delays in issuing certificates, which was the area the public was most impacted by. Backlogs in this area, especially birth certificates, created an array of problems for people. We have been successful in addressing this problem. I have a handout that will show a before and after, for instance, of our Toronto office at Macdonald Block, where, prior to the changes we made, there were significant lineups. I think if you were to go over today, you will see that it is a very effective service that we're delivering and we do not see the delays that we saw previously.

The auditor's report recommended that we provide reliable estimates on turnaround time and tell people if their forms are incomplete. We implemented these recommendations and took a few steps beyond that. We started with an interactive, printable form that helped reduce errors and cut down on the number of frustrating

delays and manual processing that needed to be done. However, this still required people to print and mail their applications. So our next step was to offer end-to-end online applications that, in many cases, eliminated the need for any manual work at all, making the entire process much faster and more efficient.

In fact, since November 2005, the ministry has offered a money-back guarantee for birth certificates when people apply online. You get it in 15 days or it's free, and that's guaranteed. This made Ontario the first government in North America to offer a service guarantee of this type. As of the end of October 2006, about 310,000 people have applied online, and 99.7% of the applications that were eligible for the guarantee met the standard. I want to point out that we've also experienced a year-over-year growth in demand of 20%. It represents a complete turnaround of this organization.

At this time, I would like to acknowledge the hard work of the staff to make this happen. I am proud to be associated with Judi Hartman, our deputy registrar, and the entire team who have led this improvement, not just to fix our problems but to exceed our previous service levels and to meet our customer demands.

But we're not stopping there. We're using this proven system and we're expanding it for marriage and death certificates. Since last July 2006, people have been able to apply for those certificates online and the early results have been equally impressive: 99.5% of online applications are processed within 15 days. We do not yet have a service guarantee that comes with that, but we plan to roll one out in the new year.

The third set of recommendations dealt with improving efficiencies at the ORG, including automated messaging and making more efficient use of staff time. In both of these areas we again have made significant progress. In addition to higher capacity, our new call centre technology has cut the number of calls that get busy signals by 98%. Automated messages give people general information as well as useful tips to help avoid delays.

This system also uses voice recognition technology, eliminating the need for people to listen to long menus before selecting an option on their keypad, making it faster and easier for people to get the information they need. In addition to that, changes in the way staff are deployed have helped make the call centre more efficient by working in smaller teams, with better access to coaching and training, as well as stronger emphasis on quality, that have helped improve productivity.

These measures were part of an overall focus on human resources, which is covered later, in the seventh set of the auditor's recommendations.

The fourth and fifth section dealt with the procurement and implementation of the ORG computer system. As you may have noticed, the ORG's new computer system is the electronic backbone of improvements we've made to date to services over the past two years and will allow us to make future improvements we have planned. Our new computer system replaced a 20-year-old technology, and IT support was not available for it, so this was a

necessity. The new system is extremely robust and has a 99.7% reliability rate. According to our independent third-party review, it is also fulfilling our needs.

We also have a new service to let clients check the status of their application online. More than 700 people a day use that option. For those who do not have Internet access at home, they can also access this service at public libraries across Ontario, including part of the GO library network. In addition, parents can register their baby's birth and apply for their birth certificates and social insurance numbers all at the same time with newborn registration services.

Regardless of the benefits, we recognize the need for thorough and sound planning and, as the auditor suggested, we will ensure that all appropriate approvals are obtained for projects in the future.

In addition, a special task force, commissioned by Minister Phillips in 2004, took a look at large IT projects across the government just like this system. Although not directly related to the auditor's reports, that particular task force set of recommendations has been implemented and is helping us across government to implement more effectively large-scale IT projects.

Chaired by the former Auditor General of Canada, Denis Desautels, the task force looked at ways to make projects more effective, with better planning, stronger executive leadership, host implementation reviews and other initiatives for effective IT implementation. We've implemented these recommendations of the Auditor General, and I know they will help us get better value for money, as well as making us more effective.

The sixth section of the auditor's report made a particular note on human resources. Our hard-working staff are dedicated and capable public servants. They are the biggest reason we are able to eliminate the backlogs, advance our services, and have been able to respond to the Auditor General's report.

We have worked co-operatively with our bargaining agents and with our managers to make this happen. We've addressed the auditor's concerns and have written job specifications for every new position. ORG staff are now working in smaller teams, with better access to training and coaching and a stronger emphasis, as I mentioned earlier, on quality.

The ministry will continue following all relevant legislation directives and policies, while improving training for staff and working closely, again, with our bargaining agents to create a model work environment. In fact, I've met with our employees' union leadership and have made several trips to Thunder Bay to work at continuous improvement.

I would say this is a rich and productive relationship. I should also pause to say that I have overall responsibility for human resource management and take very seriously that we model what we are asking other ministries to do.

Employees are the key to all government operations, and we are putting a high priority on making them the most productive they can be by making sure they are engaged in their work and satisfied with their careers. We want them to have the conditions to be successful.

Again, Mr. Chair, I have a handout that will show that, while we have been decreasing our wait times and other indicators of some of the issues the auditor has raised, you will see the productivity levels increasing.

The seventh set of recommendations raised by the Auditor General was around security. I can assure the committee that this is top of mind for all of us in government operations, especially in the ORG. Ontario is one of most secure birth certificate jurisdictions in North America, and we are absolutely committed to maintaining the highest degree of integrity. The ORG has hired a chief security officer to ensure that the information we're responsible for remains secure and reliable. Our IT staff enhanced the computer firewall protection and implemented off-site record backup systems, as the auditor recommended.

1020

I am very proud of the work the ORG has done. In the past years they have done an outstanding job of transforming an organization, and I believe they are now the poster child for our broad plans to modernize government services. We have made incredible progress, but I know there are still some areas where we have improvements to make. It is not perfect, at least not yet.

I know that many members continue to get calls from our clients who are not able to get through to the ORG call centre. In the Auditor General's report, he noted that 130,000 per day were getting busy signals when they called the ORG for help. Even though that includes automatic redials and things of that nature, there are a lot of frustrated people out there and we obviously have to have a plan to deal with their service needs.

Our approach was tied very closely to our plan to eliminate backlogs for processing registration and certificate applications. That's because most of the people calling were looking for updates on the status of their certificates. In fact, they made up up to 90% of the callers. We believed that by improving the services I've spoken about—eliminating backlogs, providing consistent turnaround times—many of those calls would take care of themselves. That has proven to be true.

We've reduced the number of calls that get busy signals by 98%. That means there are still people getting busy signals when they call, but it also means we've made enormous improvements. Better registration and certificate services account for a lot of that improvement, but targeted changes to the call centre have made it as efficient as possible under its current design. This includes online status tracking of applications: 700 people use that option every day and never have to contact the call centre at all. We reassigned the administrative work of people answering the calls so that they can focus on customer service.

We're improving training so that staff are more efficient and have greater customer service tools available to them. We've created additional capacity so that more people can get access to the system and recorded information, and we've modified our phone technology to make it easier and faster for people to get recorded information once they get in.

Despite this, we still have too many people who are getting a busy signal or are waiting too long to reach an agent when they call. Clearly, these measures are not enough, but they have been a significant improvement. In fact, we are nearing the end of what we can accomplish within this existing model.

The calls today are fewer, but much more complex. You see, as our current systems were designed to provide information, they were never intended to handle the complex case management calls that we are now seeing with increased frequency as our more general calls are addressed through multiple service channels.

The people who are calling the centre now genuinely need more assistance, so we are now entering into a more focused customer care strategy. Over the next two months, we are going to continue gathering information and analyzing data so that we can have a true picture of the actual number of people calling, exactly why they are calling and how quickly and how well they are being served.

The information is going to help us identify specific ways to adjust our systems and better use our resources. From there, we're going to be able to develop and put in place a broader strategy to continue the transformation of the ORG telephone service into a top-notch call centre that's in line with industry standards. So we have to redesign our physical and technology resources to make them work better for the changing needs of our clients and help them to get the information they need faster.

It's all going to mean new tools to enhance our ability to manage information and develop better backup systems, all while ensuring value for money for the public. This is part of a 12-month plan with precise quantitative standards that the public can hold us to. We expect that this will help us continue to reduce waiting time and time on a call. These are going to be the structural changes that will not happen overnight, but we're committed to being successful in making them happen.

Before I conclude, I would like to take a moment again to thank the members of the Legislature and their constituency staff for their help over the very challenging time with the ORG service issues. They continue to provide a very valuable service to our clients, and the ministry appreciates their efforts.

Mr. Chair, I'm impressed with the accomplishments of the ORG. Again, I wish to thank the staff. They have demonstrated unbelievable resilience and creativity to deliver outstanding service. The investments we've made to support our staff and improve the ORG core services have made an obvious difference. Online service options are proving to be incredibly successful, and there's more on the horizon. Mail service is back on track. In some areas where we were simply unable to keep up, we now deliver better than ever before, and that's guaranteed. This model can be used as a blueprint for future service in Ontario delivery. We will continue to be relentless in our efforts to respond to customer needs.

I know there are people who are still frustrated by the telephone service they receive at the ORG, and to them I sincerely apologize. We have made a lot of progress, and I really think we have turned the corner. We're looking ahead and thinking about ways to continue this progress. In the meantime, our operations will focus on continuously improving registration and certificate processing to help deliver the high quality services the people of Ontario have come to expect from their public service.

Finally, it would be remiss of me not to commend Judi Hartman, our deputy registrar, for her direct, on-site leadership. She has been critical to our success and is a leader in Canada in this area. As deputy, I can tell you first-hand that these changes would not have been possible without her leadership, and I count on her each

and every day.

Thank you, Mr. Chair. Frank, Judi and I would like to

take questions now.

The Chair: Thank you very much. Can I just ask for one clarification? You said that 327,000 people had applied online and got—how many applied online and didn't qualify for the 15-day guarantee?

Ms. DiEmanuele: Because something was wrong with the application, or something? It's about 20%—70,000. So for some varied reason, their application would not have been able to be sent through the system without an adjudicative process at that time.

The Chair: How soon would they find out that their

application was lacking?

Ms. Judi Hartman: In 15 business days.

The Chair: So it takes 15 days to get back and say, "You didn't put in your postal code correctly"?

Ms. DiEmanuele: Or whatever the deficiency is.

Ms. Hartman: Up to 15 days.

The Chair: But that's a mistake, a wrong postal code? You don't correct that?

Ms. Hartman: Just a point of clarification: The online application actually won't let you put in the wrong postal code. It gives you a list to select from.

The Chair: So what is a mistake—70,000 mistakes?

Ms. Hartman: It falls into three areas: Typically the event isn't registered yet, so parents have a baby and apply for the birth certificate online before the baby's birth is registered; it may be that some information is missing from the application form; or it could be that the fee is deficient for the number of products they've ordered.

The Chair: Okay. Questions?

Mr. Ernie Hardeman (Oxford): Thank you very much for the thorough presentation. Obviously it took away most of the questions I had. They've already been answered. I do want to commend the ministry for having done a good job in looking after some of the challenges we faced, particularly in our constituency office, a number of years ago.

I have a problem, on behalf of all of my constituents, about fairness and equity—that everyone get the same service from our government. Two areas: One is the issue of the MPP's office that looks after the inquiries, that

come from my office and the auditor's. The report I have here speaks to there being some unfairness in that. People who call the MPP get better service than people who don't. I just can't see a justification for that. I think we should be looking at a level of service—not that I want less service in the office.

The problem I'm seeing with it is that, in fact, the number of requests in my office is growing dramatically. In fact, we have a person who works almost full-time. She does a wonderful job, but she works almost full-time dealing with people who know they can come to our office and get birth certificates more expediently than if they do it themselves, particularly a lot of the people who are not very well-versed—like myself—with using the online process. We, as a government, then tell them, "Yes, if you do it online you can get it guaranteed in 15 days. If you do it by mail, it can take six to eight weeks." That's not equitable service to our people.

What are we doing to make sure that we improve the service but make it equitable to everyone? Because these same people are coming into our office now and the lady in the office does the online application for them. It works very well, but then again, the system isn't supposed to be set up so that the MPPs' offices become a sub-office to the Registrar General to do the processing of applications. I wonder what you're doing to solve that

equity problem.

1030

Ms. DiEmanuele: Thank you for the question, sir. Let me first start out and say that MPP offices are an important source of information, whether it's for our services in the ORG or any government services. It is a backbone for the public to access their government through their elected official, and obviously that is an important thing to maintain, and the integrity of that.

The other piece of information I would just offer up is that we also have to recognize that an MPP can be a guarantor in the process. They're actually integrally part of the process by virtue of the trusted security measures that we have put in place, of which that is one. So they

have a role to play from that perspective.

Having said that, what we are trying to do is create, as you would do in any service channel, multiple access points. Prior to the work that we had done, you would mail in your application. Now we have an online service. That obviously presents some issues for those who wouldn't have access to electronic services, I think of Ms. Martel and the area that she represents, for example. That's why we've expanded our GO libraries program. That gives people additional points of access, to go in and go online in our GO libraries program, fill out the form, print it off, fax it in, mail it in etc. Our 60-plus ServiceOntario counters across the province are another access point.

What we are trying to do, through our multi-channel approach, is respond to the different ways that people will want to access services. What I would suggest is that rather than think about it as one-size-fits-all, we're trying to produce a set of channels that responds to the unique

ways people want to access. Having said that, I believe that to the extent we advance our success with respect to the multiple channels I've described, I would hope to see some of that decrease happening in MPPs' offices, but I think they will always be an important source of contact for the public.

Mr. Hardeman: I just want to continue on that one, just another question. I just want to be assured that as we're moving into the electronic age and providing a higher level of service, that's not at the expense of the people who cannot avail themselves of it. One of the concerns I have in the auditor's report is that the actual length of the written application going in and the time it takes to return has increased—before all this electronic stuff started. That time has increased. I think it was four to six weeks, and now it's six to eight weeks. If I send in an application, and I want to make sure that it isn't moving resources from the old system into the new system without—

Ms. DiEmanuele: A couple of last comments on that. To the extent that we can drive many to the electronic channels, it also frees up staff to be able to work more effectively on those who are mailing in through the other avenues, and meet our standard. That's why in fact we've been able to rectify many of the issues and meet our standard of six to eight weeks. That six-to-eight-week standard has been consistent. It has not changed. That has been our published standard, and the 15 days is our more recent standard. Obviously, there is a difference, but it also deals with the amount of processing time. If you're filling out online, you're taking away a whole series of steps that occur when you mail in.

Ms. Shelley Martel (Nickel Belt): I'd like to follow up on that, because I'd like to be clear about what the steps are. To go from 15 days for an online to six to eight weeks for something that goes in the mail—I appreciate that staff have to input, but what are the rest of the steps that take us to a six-to-eight-week delivery time on one that's mailed in?

Ms. DiEmanuele: I'll start that off, but Judi knows that much more effectively than I do. The example that she used is a good one. When you're applying online, there are certain things that, when you put them into the fields, if they're incorrect, they get automatically dealt with, versus when somebody's mailing in, it's going through a whole adjudicative process—validation process is a better term. Judi, maybe you can walk them through some of that, and where we've seen the efficiencies.

Ms. Hartman: Sure. Just to give you a high-level understanding of processing paper applications, we spend resources receiving the mail or the faxes, cashing the money, depositing the money every day, turning the paper file into an electronic image of a file—that's scanning—and then data entry, transcribing the information from paper into an electronic file. We then try to let automated processing take over, but as the deputy mentioned, there is a percentage of those where they fail to be completed automatically. They require an adjudication, so decision-making.

For example, if somebody has applied for a birth certificate that they're not eligible for, a person who's not a parent is applying for a child's birth certificate, that will stop and it has to be manually adjudicated or reviewed before it can be completed or a letter sent out to the applicant.

Once the file is completed, it is printed. It has to be put into our distribution system. We use a courier company to deliver these things, and then it's handed off to the courier company.

Now, electronically, we miss all those first steps: mail-handling, handling the money, doing the scanning and creating the data entry file. We skip all of those and go right to automation. The parent, sitting at home or at a library, fills in some information and sends it. The system will take the money, will do an automated search, match and print the record, most often the next day. Then it goes right into distribution and out to the courier.

In terms of processing time, minutes, keystrokes, it's the comparison of 16 minutes of processing keystrokes versus six minutes. Now that's not elapsed time. There are a number of activities that are going on in the office on any given day. That's where we come to six to eight weeks.

If I could just add one other thing: Six to eight weeks is the service standard. At different times of the year, we're performing better than that standard. For example, right now it's considerably shorter than six weeks. It's down into the two-week range. It happens based on the cycle of applications. There are times in the year when it's higher or lower, that sort of thing.

Ms. DiEmanuele: Ms. Martel, if I can just remind you, we've also had a 20% increase in demand. So the efficiencies have been occurring while we've also seen a spike in demand in the program.

Ms. Martel: A couple of things: I checked with my staff this morning and they tell me regular birth certificates without any problems are still six to eight weeks and that they're being told that by our MPP contact. So we're not seeing a two-week mail-back of anything.

In telling me that it takes 16 minutes to input versus six minutes, then I'm questioning even more, to be honest with you, the processing time. Maybe I'm missing something. I'm trying not to be obtuse here, but frankly if that's the difference in time to manually input it, I'm having even more trouble figuring out that delay of six to eight weeks. I hear you say you have to deposit money. Someone who does an e-mail or does it online is doing that as a credit card, so there's still got to be some checks there and something has to be done with that credit card money as well. That has to be deposited somewhere, does it not? Not physically, but you're dealing with much of the same checks and balances, as far as I can see.

Ms. Hartman: Actually, the credit card transaction is automated as well. So human beings on the ORG side are not involved, unless the credit card is rejected, and then we have to get in touch with the client.

In terms of the 16 minutes and the overall volumes, you need to understand one other number, and that is,

600,000 certificates or documents were issued last year. When we say 16 minutes, it's times 600,000 things or the percentage of those that are paper. If there was only one application to be produced or processed on a given day, it would only take 16 minutes.

Ms. Martel: But of the 600,000 certificates that are issued, did you not say that 325,000 birth certificates are done online?

Ms. Hartman: Yes. Let me give you that working backwards: 600,000—604,000 actually; 300,000 of those were done online, so the balance are the ones that take 16 minutes. Again, at different points in the year, the turnaround time, the performance level fluctuates. The maximum it goes to is eight weeks. We don't advertise two weeks, for example, right now because that will change over time. We're just starting into our busy season again for the fall and winter travel season. But we actually measure every day how many we're processing, how many are going out the door and how long we've had them. That's how we know that.

Ms. Martel: So if we talk to our contacts, our agents, if it is two weeks, why would they tell us six to eight?

Ms. DiEmanuele: Because that's our published standard, and so that will always be our standard. Obviously, there are times in the year when we are able to surpass that and times when we've crept up a day or two, maybe, over that standard. But I think what Judi is saying to you is, we've just come through a period which tends to be a bit more of a downtime for us and we're heading into travel season. I suspect we will spend the next three to four months quite close to that threshold of the six to eight weeks.

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Ms. Martel: Can I go back to your volume—600,000 certificates, which would be different than events. Can you give me the breakdown for last year? The most recent year we have is 2004. What would be the events that were registered? You've given us the certificates.

Ms. Hartman: I don't have the exact numbers for 2005, but the numbers that are average: 135,000 births are registered every year; about 65,000 marriages; about 85,000 deaths; 1,500 adoptions; 800 stillbirths; 8,000 to 10,000 name changes; and about 3,000 delayed registrations. If you add it all up, it's roughly 300,000 events registered every year.

Ms. Martel: So that has remained constant?

Ms. Hartman: It's a relatively stable set of numbers. It's gone up 1% to 2% a year, but it's fairly stable.

Ms. Martel: So what has really changed are the certificates issued, because in the auditor's report of 2004, it would have been 400,000 and now it's up to 200,000.

Let me check something again around—I'm sorry, I'm going back to this—the registration for births, for example. Are there some security checks that you would say would delay that process? And are those security checks different for someone emailing in their application form versus someone sending that in by mail?

Ms. Hartman: Our security measures are uniform across channels. The security level that's applied is uniform.

Ms. Martel: So no difference in terms of timing if you're mailing something in versus doing something online?

Ms. Hartman: That's right. Between paper and electronic, there's no difference. We do have differences by age, so children eight and under don't require a guarantor, for example; nine and older do. That's the main physical difference to the outside world.

Ms. Martel: One other question that I wanted to ask right now has to do with amendments and corrections. My staff told me this morning that corrections and amendments to birth registrations are taking 22 weeks.

Can you explain that process to me?

Ms. Hartman: They are two different things, actually, and we sometimes see people using the terms interchangeably. A correction, if I could say, is equivalent to a typo. If we've registered an event—and registration is still happening via paper—and we've created a typographical error, we'll correct that in five days. As soon as a parent tells us, we'll correct it in five days. An amendment is when—

Ms. Martel: Hang on. Just before you go there, do you send them a letter that tells them something has to be corrected and it's their responsibility to send the corrected information back to you?

Ms. Hartman: It actually happens the other way. We send out a notice to the parent saying, "We've completed your child's registration. Here's what it looks like." The parent has an opportunity to review that and they tell us if there's a typographical error. Typically, the spelling of names is what we see.

An amendment is a different process. It's set out in legislation. There are a number of different types of amendments you can do. It basically refers to any kind of change to an original registration, so it can happen any time after a birth is registered, for example. We keep birth records for 95 years, so at any time in that period a person could come forward and say, "The name of the hospital is wrong" or "The father's name is wrong" or "I forgot my middle name" or "My birth date is wrong." It could be any kind of change to a record.

Legislation is very prescriptive about how we handle records. Legislators in the past very consciously set up a system where we do not just go in with an eraser or whiteout and modify a record. These need to be kept in perpetuity and they need to show a complete chain of events, a chain of history. So to complete an amendment, the applicant—it could be the child or the person named on the record, such as parents, other informants, legal representatives; it could be any number of parties—needs to provide an application form specific to the change they want to make. They need to provide evidence. We don't, unfortunately, just take people's word for it when they want to change a record because of the ramifications. Evidentiary requirements vary depending on the type of thing you want to change. We do know that a lot of our

clients have difficulty getting evidence, especially older folks, older records. There are also fees associated with the different types of amendments, and I think there are approximately six different types of amendments. This would include things like a change in sex designation, a re-registration related to an adoption, and those other examples I gave you. It's a wide variety of circumstances.

There are very few of these done every year in Ontario. It's quite a tiny number, less than 3,000.

Ms. Martel: We must have them all in our office, then. That's a big part of our work.

Ms. Hartman: That is a value-add, by the way, that we see from constituency offices. Oftentimes your staff becomes so experienced in working with us and clients that they're able to actually assist the client in ways that we can't through paper.

So there are all these different requirements layered on. The client's personal situation is different. All of these things contribute to this lengthy turnaround time. We're always balancing resources, trying to ensure that we're getting certificates out, getting events registered, getting amendments and name changes and things like that done. Amendments, right now, are sitting at 23 weeks.

Ms. Martel: Just on that, my staff tell me that this is the problem they see. The package gets sent in, usually through our office. Something is missing, so it comes back. Whatever has to be changed is changed, and it goes in again; it starts the process again. I'm wondering why, if there hasn't been a first glance at it—there must have been some work done on it—when it comes back in with the corrected information, it can't be expedited in terms of going into a separate group to say, "Now we have the correct change and let's go."

Ms. Hartman: It's a question that comes up quite often, actually. The reason we do that is that some customers take a long time to return the package. It can be years. So if we were to keep a spot for them in the queue, it would make managing all of the other applications that come in subsequently that much more difficult.

Ms. Martel: What if you put a timeline on it of six months: "If we send the package back to you, there's something wrong. If we don't hear from you in six months, you start again"?

Ms. DiEmanuele: Ms. Martel, I think you're raising an appropriate issue. It's one that I have to say has not been raised to me in the way that I'm hearing it from you, where we see it as being a huge service problem. So I think it's appropriate that I take it away and actually spend a bit of time looking at it.

As I said, this has been a journey, a kind of working a way through this. We know we still have work to do on telephone systems. If part of that journey means that we have to look at ways to take existing legislation and modernize—I don't mean a legislative change, but modernizing our service to have the intent of the legislation carried out so that it would in fact meet a service

demand that may be there. So I certainly will take it away and look at that.

Ms. Martel: I appreciate that.

The Chair: As I understand what you've said, once the record is transformed from a written application—16 minutes and it's on the screen—from there on, it's the same as if somebody had applied through e-mail.

Ms. Hartman: That's correct.
The Chair: Any further questions?

Mr. Jean-Marc Lalonde (Glengarry-Prescott-Russell): I have to say that there have been some big improvements, but I wish our office could speak to some of your people once in a while—we're just working with the fax at the present time—and that we get someone to call back the following day.

Ms. Martel just brought up a good point. If there are errors, how long does it take before you advise the applicant that there was an error?

Ms. Hartman: Depending on which service we're talking about, it's always within the service standard. So if somebody has provided a paper application, the service standard is six to eight weeks. Either you'll get a certificate in six to eight weeks or you'll get a letter saying, "Here's the problem."

Mr. Lalonde: In six to eight weeks.

Ms. Hartman: Yes. If it's an online application, the service standard is 15 days. You either get a certificate or a letter in 15 days.

Mr. Lalonde: I'm just a replacement here this morning, and I wish I would have known that I was coming here because I have files. At one point, I myself spent five hours one day on those. My staff is working on them up to 40% of the time, going back a few years. But right now, my staff at the Hawkesbury office especially is bombarded with applications because March is coming and Christmas is coming, and that is the time—we put an ad in the paper every year at Christmas and in March if you don't have a birth certificate. But now they will require a passport as of the end of January.

I do fully agree with Ms. Martel. When this is sent back with the correction that you've required, I just can't see why it would take so long to get processed. I have some—I wish I had known—from March 2005 at my office. I just got a call at 9:20 this morning, and I wish I had known what was going to be discussed here. I'm going to call when I get back at noon to find out what it is. It's been a year, and now they're going to Florida. They said, "We need your airline ticket to get an urgency." There's no airline. They're driving to Florida. So what would you require instead of an airline ticket?

1050

Ms. Hartman: Two comments I would offer: If you have a series of files, we'd be happy to talk to you afterwards and get that information.

There are a number of ways to access service. We've talked about regular paper. That's six to eight weeks. There is something referred to as expedited service that we can provide in 10 days. That's where we do require proof of urgency. Typically, it's things like airline travel

municipality. I don't know if you have a way to track that, because I heard you say that for some of the things that come in, you can't move forward on the birth certificate because the birth hasn't been registered. What are those numbers? Are you systematically trying to get at that information? This matter of children not being registered is a really serious issue.

Ms. Hartman: We agree. We're absolutely focused on trying to reduce underreporting for all kinds of reasons: for parents, for the children, for the statistical information

that's lost.

The newborn registration service that we launched in March of this year is the first phase. Right now, parents still go through the municipality. In the next phase, which is planned for 2007, we will have the parents submit directly to the ORG and bypass the work that happens at the municipality. That means the municipalities won't be spending money on helping, and they'll be able to not charge a fee. They won't be involved at all. That's the long-term plan. It will take two to three years after we roll out next year to make sure that all municipalities are

involved. We can do it hospital by hospital.

In terms of numbers, if I'm recalling correctly, of all the online applications we get every day, about 12% of those not eligible are because the births aren't registered. Part of the online application is a question to parents if they indicate a recent birthday of the subject, so something in the last four to six months. The online application pauses and says, "Have you registered the birth yet?" It actually asks the question, so the parent hopefully goes, "Oh, yeah, did I fill out that piece of paper? Did I send it off to the municipality?" If they answer yes or they skip over it and carry on and we get their online application, the system will try to automatically match that. If it can't, we'll wait a period of time, a number of weeks. We've got this calculated or scheduled based on the average length of time it takes to register a birth. If we still don't have it, at that point we'll send a letter out to the parents that says, "We got your application. We can't complete it because we don't have a registration. Please go to fill out your form and send it in."

We'll put that application on hold again for another few weeks. We'll check again. We'll actually do that three times, and we will send a letter out to parents three times to try to ensure that the registration happens. Parents have up to 12 months to register the event before they incur something called a delayed registration of birth, which is a lot more difficult to deal with. That was in direct response to a recommendation the auditor's staff

made to us.

Ms. Martel: When you say you check three times and they have up to 12 months and then it becomes delayed, is that also for an application that's mailed in, or do those prompts only get generated with an online application for a birth certificate?

Ms. Hartman: No, it's for all applications: paper, in person, online.

Ms. Martel: Okay. So 12%: What would that be in real numbers? Sorry. I was never good at math.

Ms. Hartman: Twelve per cent of 310,000.

Ms. Martel: If you can get back, I would appreciate that.

Ms. Hartman: Absolutely.

Ms. DiEmanuele: Some of the other numbers that you've requested today, we'll make sure we confirm.

Ms. Martel: If I can just say this, this is more of a political decision than it is a bureaucratic decision. I was at the minister's announcement on the service and raised my concern that the real problem for a number of parents is the fee. Those would be the same parents who probably wouldn't be applying online either, unless they go to a library and do it there, because they probably wouldn't have that kind of access to that kind of service. I said this in the House as well, that the real key will be to make sure there is no fee for this service, and then I think you will see a dramatic change.

Ms. DiEmanuele: Well, Ms. Martel, I think your principal point is that, again, we have to think about the 12 million people living in Ontario as having very different experiences and coming from different parts of

the province with different access issues, etc.

What we've really tried to do in beginning the work that we've done to date on solving some of these problems is to look at a customer experience that's much more diverse than I think we previously had. I think we've not only fixed some of the biggest problems, but I actually think we've created a much stronger culture, frankly, in the organization and in the work we're doing around dealing with the array of problems that restrict access. We'll continue to do so.

The Chair: Ms. MacLeod.

Ms. Lisa MacLeod (Nepean-Carleton): Just very quickly, of that 12%, how much of it has been that the municipality hasn't completed the paperwork properly, hasn't notified the parent or hasn't notified the province?

Ms. Hartman: I don't have a statistic for you, but my experience is that it's a very small number. Municipalities have been long-time partners with the Office of the Registrar General and are very good about forwarding to us the registration documents in a very timely fashion, even the larger ones. On a weekly basis, we get their registration documents. My experience is that we don't have any unnecessary delays happening there.

Ms. MacLeod: Just a quick follow-up. Is it common practice that they don't notify the parents? I represent an area where we have the highest birth rate in Canada, and this is—as in probably everyone else's riding here—the largest percentage of calls that I get. We're finding that there seems to be a disconnect between the municipality

and the province in some instances.

Ms. Hartman: I don't know how many municipalities reach out, and whether they do it by telephone or letters. I know that a number do. The current birth registration process is antiquated. It's a paper process; it's two parts. It involves the hospital, the parent, the municipality and the province. Parents today, because of the age demographic—this just boggles their mind. It is completely arcane, which is why the newborn registration service has been designed and developed the way it has, because it

speaks to their specific needs and where they intuitively go to do things. Once we have that rolled out, we won't have a problem with any municipality or any parent not knowing what they need to do, or being able to do it in a quick fashion.

Ms. DiEmanuele: The more we eliminate all of the touch points, the less chance there is for error.

Ms. MacLeod: Excellent.

I also wanted to echo Ms. Matthews's comments. You guys are the only ones that my staff will tell me I have to leave the office for, because they have to take an important call and it's not for me. So thank you all very much.

The Chair: Can I just get something straight? In terms of registering the baby's birthday and getting the birth certificate, is there now a process where you can do both at the same time?

Ms. Hartman: Yes. There's a caveat. Right now, in the current phase we have, you do all three transactions—register the birth, fill out an application for a birth certificate and fill out an application for a SIN—in one transaction online. Parents still have to in this phase

print the registration form and mail it to the municipality. Next year, we'll do away with that. They just have to hit the "submit" button.

Ms. DiEmanuele: And, Mr. Sterling, this is consistent with how we also rolled out some of the changes on certificates, going from the first phase, getting the technologies right etc., and then the full integration.

The Chair: I presume municipalities charge different

amounts for the registration of birth, correct?

Ms. Hartman: Different municipalities charge different fees. They set their own fee.

The Chair: Do you inform the person who is doing it online what that fee is?

Ms. Hartman: Yes. We have a table in the application process that points them to their municipal fee.

The Chair: Thank you. Any other questions?

Thank you very much for coming to the committee. I think the committee feels that there is significant progress being made on this file.

The committee will now go into an in camera session. *The committee continued in closed session at 1107.*





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Second Session, 38th Parliament

Official Report of Debates (Hansard)

Thursday 14 December 2006

Standing committee on public accounts

2006 Annual Report, Auditor General: Ministry of Health and Long-Term Care

Chair: Norman W. Sterling

Clerk: Katch Koch

Assemblée législative de l'Ontario

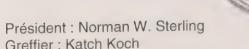
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STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 14 December 2006

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 14 décembre 2006

The committee met at 0945 in committee room 1, following a closed session.

2006 ANNUAL REPORT, AUDITOR GENERAL

MINISTRY OF HEALTH AND LONG-TERM CARE

Consideration of section 3.06, hospitals—management and use of diagnostic imaging equipment.

The Chair (Mr. Norman W. Sterling): Good morning, ladies and gentlemen. My name is Norman Sterling. This is the public accounts committee of the Legislature of Ontario. This meeting was called with regard to section 3.06 of the auditor's report, dealing with the consideration of hospitals—management and use of diagnostic imaging equipment. This report was issued on December 5, one week and two days ago.

We have with us the deputy minister for the Ministry of Health and Long-Term Care, Mr. Ron Sapsford. We also have with us the president and chief executive officer of the Ontario Hospital Association, Hilary Short. I'd ask Hilary if she would like to occupy a seat at the front as well. I believe both the deputy minister and the president will have an opening statement, and then we will go to questions by the committee. Mr. Sapsford?

Mr. Ron Sapsford: Thank you, Mr. Chair. Good morning. I'm pleased to be here today on behalf of the Ministry of Health and Long-Term Care. I want to thank the standing committee on public accounts for providing me with this opportunity to address some of the issues in the Auditor General's report on hospitals—management and use of diagnostic imaging equipment.

Let me state at the outset that the ministry fully supports and appreciates the work done by the Auditor General in completing these important hospital value-formoney audits. This audit constitutes the first value-formoney audit of the broader public sector, including the hospital sector; as you are aware, it was enabled by an expansion of the mandate of the Office of the Auditor General of Ontario. I should add that it's been an interesting learning experience for the Ministry of Health and Long-Term Care and, I believe, for his part, the Auditor General as well. Overall, the ministry supports the recommendations of this report and recognizes their significance for the health care system.

In responding to the report, I believe it is important that we understand the responsibilities and accountabilities as set out in the statutes that govern the health care system in Ontario. Make no mistake, I take seriously the ministry's accountability for the broader health system and the delivery of health care to Ontarians, and I'm committed to the goal of providing timely and equitable access to MRI and CT services to all the residents of Ontario. And the ministry appreciates the need for appropriate standards, guidelines, best practices and an adequate supply of human resources—all recommendations of the Auditor General.

However, to move forward with the agenda to improve access and reduce wait times for MRI and CT services, the ministry recognizes that this requires working closely with our partners: hospitals, health professionals, and their colleges and associations. Within the current health care system, there are multiple entities with their own specific roles and responsibilities under Ontario's legislation, and the accountabilities for each of those entities is clearly set out.

I want to turn for a moment to the legislative framework that governs the roles and responsibilities of the various players in the health care system because it will set the context of the manner in which the ministry will address the recommendations in the Auditor General's report.

The Ministry of Health and Long-Term Care Act sets out the duties and functions of the minister and, through him, the ministry. These are to oversee and promote the health and the physical and mental well-being of the people of Ontario, and to be responsible for the development, coordination and maintenance of comprehensive health services. This includes a balanced and integrated system of hospitals, long-term-care facilities, laboratories, ambulances and other health facilities in Ontario.

The Public Hospitals Act of Ontario sets out the responsibilities of the boards of directors and the medical advisory committees regarding the quality of care provided in the province's hospitals.

A hospital's board of directors is ultimately accountable for the quality of patient care provided in each hospital. The legislation also requires every board to pass bylaws setting out the duties of the medical staff, including the establishment of medical staff committees to assess credentials, medical records, patient care, infection

control, the utilization of hospital facilities, and all other aspects of medical care and treatment in the hospital.

While the Public Hospitals Act places the ultimate accountability for patient care with the board, the act recognizes that physicians and other professionals are the people with the expertise to supervise and assess the quality of care being provided to patients, and, accordingly, requires every board to establish a medical advisory committee. The mandate of the medical advisory committee includes making recommendations to the board concerning the quality of care provided in the hospital by the medical staff and other specified health professionals. The committee also is responsible for supervising the practice of medicine and the other specified health professionals.

In summary, the Public Hospitals Act places the ultimate accountability for patient care in the hospital with the hospital's board.

The profession of medicine is governed by the Regulated Health Professions Act and the Medicine Act. Under these acts, the College of Physicians and Surgeons of Ontario is the self-regulating body for physicians in the province.

The profession of medical radiation technology is governed by the Regulated Health Professions Act and the Medical Radiation Technology Act. Under these two acts, the College of Medical Radiation Technologists of Ontario is the self-regulating body for medical radiation technologists. For clarification, a medical radiation technologist, or MRT, is the qualified professional who uses radiation or electromagnetism to produce diagnostic images of a patient's body or who administers radiation to treat patients for certain medical conditions, on the order of a physician.

The colleges are to protect the public through the regulation of the practice of the profession and its members. The colleges are required to develop, establish and maintain standards of qualification for entry to practice; programs and standards of practice to measure the quality of the practice in the province; standards of knowledge and skill and programs to promote continuing competence; and standards of professional ethics.

The colleges administer quality assurance programs to promote the continuing competence of members. They also maintain complaint, investigative and discipline processes in relation to reported concerns about the practice or conduct of members.

I have laid out this legislative framework to clarify the role of the ministry in relation to the specific areas raised by the Auditor General's report.

As I have said previously, the ministry takes its role and responsibility seriously in setting the system's strategic direction and administering the province's health system. But we cannot overlap legislated boundaries. As a ministry, we must work within the legislative framework and at the same time in collaboration with our partners to deliver the best possible care to patients.

Let me turn now to where we are in relation to the Auditor General's report on hospitals and diagnostic medical equipment, as was outlined in the table that I believe was provided to you. I'm pleased to report to you that significant changes have been made since the Auditor General's review of the three hospitals involved in May of this year.

I first want to address the recommendations related to the wait time strategy.

With respect to the recommendations related to workplace health and safety patients, let me start by saying that the ministry believes that all Ontarians should have timely access to MRI and CT services, with medical need determining the priority of their case. To that end, the wait time strategy team worked with experts in the field to develop four levels to prioritize patient access to diagnostic equipment. This information was posted publicly on the website in December 2005 and was available for hospitals to implement. A formal communication to those hospitals funded through the wait time strategy, requiring them to implement these prioritization guidelines, was forwarded in September 2006. Accordingly, at the time of the auditor's report, these priority levels were relatively new and not fully implemented. Today, all hospitals participating in this strategy are required to use these levels when booking patient appointments, includeing appointments for WSIB patients, and when reporting prioritized wait times.

For your information, the four levels which form the ministry benchmarks for the provision of MRI and CT services are outlined. Priority 1, emergency, is service provided on an immediate basis. Priority 2 would be inpatients or urgent outpatient cases, the benchmark being service to be provided in 48 hours. Priority 3 is semi-urgent, which includes cancer staging, and this should be provided within 10 days. Priority 4 would be all non-urgent cases, the benchmark being within four weeks.

This leads me to another recommendation of the Auditor General: as was quoted, "misleading" waiting time information. Unfortunately, this description of the wait time information was picked up by the media even though this was not in the Auditor General's report.

In October 2005, the government announced a website that provides current waiting times for hospitals across the province of Ontario for five key health services. Ontario is a leader in Canada in providing this information on a public basis. I'd like to point out that only five provinces currently report MRI and CT waiting times publicly: Prince Edward Island, Nova Scotia, Manitoba, Alberta and Ontario. None of these provinces differentiate on their public websites between inpatients and outpatients.

More important for the committee to understand is that Ontario is the only province that reports the average, the median and the 90th percentile wait times. Recently, to improve the public's understanding and enhance the usefulness of the information, the ministry chose to redesign the website to focus on the 90th percentile of the wait time. This statistic reflects the date by which 90% of Ontarians waiting for a procedure receive the procedure. This means in real terms that anyone can go to the

website to find out the time that it will likely take to receive the procedure. This number is not the average, it's not the shortest, but the time that it takes for 90% of patients to receive their care. So I argue that rather than misleading the public, the ministry is being fully transparent with respect to the waiting times. We are seeing improvement and we will continue to see improvement, not only of the waiting times themselves but in the reporting of them.

Since the time the Auditor General conducted his review, we have begun to make significant improvements to the data that is reported on our public website. At the time the Auditor General undertook his work, the data reported on the website was what is termed exit data; that is, hospitals reported the key indicators, including the decision-to-treat date and the date the procedure took place, at the time of the procedure. This collection process was therefore retrospective and the data quality checks were performed on a monthly basis.

Today, as I speak to you, the data collection system has been fully automated with computers and networks now all the way back to surgeons' offices, so that the wait time data is entered and calculated from the date the decision is made to treat, and the information is uploaded electronically within 48 hours to the Ministry of Health and Long-Term Care at each milestone. As we further develop this data collection system, we expect to have even more current information on the public website beginning in the spring of next year.

We are more confident of the data accuracy using this new system. It has built-in systems that automatically check for data validity and errors. Currently, the wait time data from August to September 2006 that is available on the public website is a combination of this old—or retrospective—data, and the new data collection systems. We expect that by spring of next year, the wait time website data will include only the information collected through this new reporting system.

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The website also includes educational information on wait time issues, an update on the wait time strategy, information on understanding wait times, myths about wait times, frequently asked questions, and questions for patients to ask their physicians.

As with any other new initiative, we are constantly looking for ways to improve the system as it evolves. As you are aware, the minister recently announced that Senator Kirby will be independently reviewing the Auditor General's concerns on how the province measures and presents or reports on its wait time strategy and will provide advice for additional improvements. The ministry is looking forward to working with Senator Kirby, and upon receiving his report we will consider his recommendations for additional improvements and changes.

In developing the wait time strategy and wait time reporting process, the ministry took a leadership role and set the strategic directions. Ontario involved, sought and implemented advice from nationally and internationally renowned health information experts as well as the

regulatory colleges, professional associations and clinical experts.

The ministry convened the expert panel on MRI and CT in October 2004 to recommend a plan to provide Ontarians with access to MRI and CT in a timely and appropriate manner. The panel was asked to make recommendations on the provision of quality health care to promote efficient management practice in this particular part of the system.

The panel consulted with the Canadian Institute for Health Information, the Institute for Clinical Evaluative Sciences and other provincial leaders who are dealing with similar issues; for example, the Saskatchewan surgical wait times project. The panel also conducted research into how patients and providers use this kind of information and how they would like to use this information.

The first report was released in April 2005 and identified operational and utilization targets and benchmarks, such as minimum standards for the hours of operation per day and time per procedure. The report also identified the priority rating system and set the standard for the minimum data to be reported, which I've described to you.

The panel's second report has just been provided to the ministry and is expected to make recommendations related to future capacity, such as the location of new machines.

As well, the ministry has commissioned the Institute for Clinical Evaluative Sciences to conduct an audit of hospital data to determine clinical indication and appropriateness of MRI and CT scans performed in the province. Their report is due to be delivered to the ministry in the new year and is expected to provide insight into the appropriateness of ordering practices, which was referred to in the auditor's report.

In keeping with the ministry's oversight role and responsibility for strategic directions, the ministry consistently consults with and carefully considers the advice of the clinical experts.

While our wait time strategy focuses on these priorities immediately, the overall agenda for transformation will improve the public's access to health services and how the ministry and health providers manage that access.

With respect to the Auditor General's recommendation related to radiation exposure and that hospitals, in conjunction with the ministry, should develop and implement standardized patient CT-radiation exposure protocols, I would like to refer back to the legislative framework that I initially set out for you. The setting of patient CT-radiation exposure protocols is a clinical decision that rightly belongs in the hands of the health professions and their colleges. Having said this, the ministry has been working with our partners on many of the issues identified in the Auditor General's report through the following committees: the Ontario health technology advisory committee, the diagnostic services committee, the

diagnostic imaging safety committee, and the wait time MRI and CT expert panel.

The diagnostic imaging safety committee, established in September 2006, is developing recommendations for minimizing the impact of radiation exposure for patients and hospital personnel. This committee's work is progressing very well, and the ministry anticipates that it will have completed its review and it will be presented by February 2007.

As well, I have convened a series of meetings with the Ontario Hospital Association, the College of Physicians and Surgeons of Ontario and the College of Medical Radiation Technologists of Ontario to identify existing best practices and guidelines; for example, the Canadian Association of Radiologists guidelines and those used at the Hospital for Sick Children. These organizations have committed to ensuring that all guidelines will be distributed to their members and will be part of the education and training that they provide.

The ministry has provided funding as well for comprehensive research on national and international best practices. This information will be used to inform the guideline work being completed by the diagnostic imaging safety committee. As well, it will be made available to the Ontario Hospital Association, the College of Physicians and Surgeons of Ontario and the College of Medical Radiation Technologists of Ontario.

As well, last week I spoke to Hilary Short, president and CEO of the Ontario Hospital Association, Dr. Rocco Gerace, registrar of the College of Physicians and Surgeons of Ontario, and Sharon Saberton, registrar of the College of Medical Radiation Technologists, to advise them that I was requiring all hospitals to review their CT practices to ensure that patient safety is not being compromised, and in particular with respect to the radiation levels used for children.

At my request, the Ontario Hospital Association forwarded a bulletin to its members recommending that all Ontario hospitals performing CT and MRI scans review their policies and practices, especially with respect to paediatric protocols, to ensure compliance with recommended manufacturer settings for their equipment.

With regard to the Auditor General's comment that children have received an adult dosage of radiation, I must tell you in honesty that this statement has generated considerable discussion within the Ministry of Health and with others. Given that the report is short on the specifics of these occurrences and tends to generalize the results that have been reviewed, it's difficult to assess whether this is a systemic issue, a hospital-specific problem or a case of individual professionals not practising within their own norms. So the appropriate remedy is more difficult to discern. I have raised this question directly with each of the colleges to see what can be done further with respect to each hospital. More specific information is needed than is provided in the public report, and I will be raising this question with the Auditor General directly. To that end, I am calling meetings with each of the hospitals mentioned in the Auditor General's report to review in detail the results of the report and audit for their hospitals to determine if further action is required. I hope that the foregoing has demonstrated some of the ways in which the ministry's work plans align with those recommendations of the Auditor General's report.

Once again, I wish to thank the public accounts committee for this opportunity to discuss the report and how we intend to work even harder in the future to ensure that Ontario's health care system will continue to provide the best possible care for all Ontarians.

As Deputy Minister of Health and Long-Term Care, I am grateful for the Auditor General's report. Productive feedback is an important part of an effective system, and continuous improvement is the key to every successful activity; and effective improvement depends upon useful feedback.

The Ministry of Health and Long-Term care views the Auditor General's report as an important help in improving Ontario's health system. It gives us knowledge and direction, both of which are vital to the government's ongoing plans for innovation in public health care, building a system that delivers on the three priorities of keeping Ontarians healthy, reducing wait times and providing better access to health professions.

Thank you, Mr. Chair.

The Chair: Thank you very much, Mr. Sapsford. I'd also like to draw attention to, and place on Hansard an acknowledgement of, your response to the committee dated December 12, where you provided the committee with your response to the eight recommendations which the Auditor General put forward on December 5. We appreciate the up-to-date response. Of course, that document is a public document as well, and I would like to indicate on Hansard that if anybody wants access to that, they can apply to the clerk of the committee or the Clerk of the Legislature in order to obtain that.

Next we have Ms. Hilary Short, president and chief executive officer of the Ontario Hospital Association. I might add, Ms. Short, as Mr. Sapsford indicated, that this is a new process, and you are actually the first witness under this new process where we are going out and beyond the deputy minister in responding to the auditor's report. So you're making history today. Welcome.

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Ms. Hilary Short: Thank you, Mr. Chair. I'm very honoured to be the first person to have that honour. Thank you for the opportunity.

Joining me today at this hearing are two experts in the field of CT and radiation: Judith Reid and Dr. Paul Babyn. Judith is a radiation protection technologist at both the University Health Network and Mount Sinai in Toronto. She holds a degree in physics and mathematics from the University of Toronto, and her professional responsibilities include auditing radiation protection standards in these facilities; suggesting changes in policy in response to audit results; and educating administrative staffs on evolving standards at the provincial, federal and international levels. She had the opportunity to work with one of the Auditor General's associates for three weeks

when they were preparing this report, so she is very knowledgeable.

Dr. Paul Babyn is the radiologist-in-chief at the Hospital for Sick Children and an associate professor at the University of Toronto's department of medical imaging.

Both Ms. Reid and Dr. Babyn will be available to answer questions that committee members may have with respect to computerized tomography, or CT, scans.

I would like to thank again members of the standing committee on public accounts for inviting the OHA to participate in today's hearing. We understand how rare it is; that's what I have written in my script. I didn't realize I was actually the first.

We understand that it is unusual for a non-governmental organization to be given such an opportunity, and your invitation demonstrates how committed legislators from every party are to ensuring that the public fully understands issues around the management, use and safety of diagnostic medical equipment. And can I say too how much we value the Auditor General's report for having raised some very important issues for the hospitals.

Earlier this year, the Auditor General reviewed the magnetic resonance imaging, or MRI, and CT scanning protocols and practices in use at three of Ontario's 158 hospitals. In his 2006 annual report, the Auditor General commented on his findings regarding these protocols and practices and made eight recommendations meant to strengthen them. I'll use my time this morning to comment on a few of these findings and recommendations.

The Auditor General's report examined the way patient wait times are measured and reported in the province of Ontario. He identified two major issues: first, that the audited hospitals used different starting points when measuring wait times, and that this practice could distort the length of time that patients actually wait; and second, that there may be issues with how the Ministry of Health and Long-Term Care reports wait times on its website.

With respect to the audited hospitals using different start points, this is a legitimate issue, but one which may well be resolved through the widespread implementation of the wait times information system. This system is currently being implemented at hospitals participating in the Ministry's wait times strategy. We understand that this process will be completed by the summer of 2007.

You've heard the deputy minister speak about the report times on the government's website, and I won't go into that matter. And I have read, as you have, that Minister Smitherman has asked former Senator Kirby to review how wait times are measured and reported and look forward to hearing his conclusions and recommendations

But let me be clear: The fact that we can now have a debate about how and whether wait times are being properly measured and reported shows, in my view, just how far we have come on this important file in a very short period of time.

The OHA has strongly supported the wait times strategy since its creation in 2004, because only by measuring wait times can we most effectively direct or redirect the resources needed to shorten them. This was simply not possible prior to November 2004 because we did not have the capacity to measure wait times in any organized fashion. The OHA believes that the wait time strategy has been, and will continue to be, of enormous benefit to Ontarians. We look forward to working with the ministry, with our partners, to ensure that this valuable program continues, grows more accurate and expands into more areas.

I'd like to touch briefly on the issue of the treatment of Workplace Safety and Insurance Board—WSIB—patients in terms of access to diagnostic imaging. In his report, the Auditor General stated that the WSIB directly pays hospitals approximately \$1,200 per patient for MRI tests and that these patients appear to bump patients on normal waiting lists without regard for medical need.

I cannot speak specifically to the practices used at the audited hospitals with respect to WSIB patients, but what I can say is the following: Through their annual accountability agreements, hospitals are provided with a certain amount of funding by the Ministry of Health and Long-Term Care. In return, hospitals agree to provide a set number of specific services.

For example, a hospital may be given the mandate and funding to provide 1,000 MRIs in a given year and may find itself able to meet that obligation running their MRI machines five days a week between 9 a.m. and 5 p.m., 52 weeks a year. Emergency cases and in-patient cases, as you've heard from the deputy, would take priority, as they should; standard outpatient cases would be done on the basis of medical need within the service mandate and funding envelope the hospital was given. WSIB patients would only be processed outside of the normal ministry-funded operating hours at this hospital. To be clear: In our view, WSIB patients could not bump other cases at this hospital because the other patients would not have been seen outside of the funded hours.

I'd also like to note that many hospitals reinvest the revenue generated by processing WSIB cases into diagnostics, which allows them to complete more procedures than perhaps they otherwise could, which could, in turn, ultimately lead to shorter wait times. That said, the OHA of course takes the Auditor General's recommendations in this regard very seriously, and we understand that the ministry and the audited hospitals are certainly going to review them very carefully.

I'd like to now turn to the section of the Auditor General's report regarding diagnostic imaging. Let me just provide a little context. Diagnostic imaging—by MRI, by CT scan, by X-ray and by ultrasound—is incredibly important to the practice of modern medicine. Diagnostic imaging provides physicians and other health professionals with vital, often life-saving, information. In 2005-06, approximately 10.6 million of these valuable tests were conducted in Ontario's hospitals.

In his report, the Auditor General made a number of important comments about CT safety, particularly with respect to patient radiation exposure. Exposure to radiation from CT scanners and other diagnostic tools is an emerging international issue, one that has only been addressed through guidelines in the United States in the relatively recent past and is currently under examination in the United Kingdom and the European Union.

Dr. Babyn and Ms. Reid, who are with us today, are just two of the individuals in Ontario who monitor the research and the progress of the discussion all over the world on this topic. Again, I'd like to stress that I'm not a clinician. If you have technical questions, we'd certainly be willing to bring others to the table to answer them.

As I understand it, one of the reasons that guidelines or standards don't exist yet in more places is because there remains a great deal of debate about what these standards should be. A myriad of factors, such as patient size and weight, and radiation levels, can all impact on CT scan image quality. But, as I mentioned, we do have the ability to answer your specific questions.

The Auditor General outlined a number of issues relating to the use of existing pediatric protocols for CT scanning in use at two Ontario hospitals. Unfortunately—and judging from his published comments, I believe the Auditor General would agree with me—a number of misconceptions regarding the safety of CT scans have arisen since the release of his report.

1020

First, it has been reported by the media that CT scans are not a safe diagnostic tool because they use radiation that puts patients, particularly children, at immediate risk of developing cancer. This is simply not the case. CT scans have been, and remain, a safe and extremely effective diagnostic tool for both adult patients and children in the province of Ontario. Nowhere in his report did the Auditor General state that pediatric patients in Ontario are at immediate risk of developing cancer as a result of undergoing a CT scan. What he did raise were certain important and very fair points:

—that these machines do use radiation;

—that anyone subjected to repeated exposure to high levels of radiation may, over time, be at increased risk of developing cancer; and

—that physicians, health professionals, the government and hospitals must do all they can to ensure that every CT scanner in Ontario continues to be used as safely as possible.

In fact, we were glad to read that in the December 8, 2006, edition of Peterborough This Week, the Auditor General himself remarked that he "wouldn't think twice" about taking his child to any hospital in Ontario for a CT scan and that the media had drawn and reported "factually incorrect" conclusions about his observations and recommendations.

Second, it has been reported that no standards exist with respect to the use of CT scanners. While it is true that uniform guidelines for the use of CT scanners have not been set in Ontario, this does not mean that hospitals

or radiologists are not guided in their work by certain practices and principles. I speak specifically of what is known as the ALARA, or the "as low as reasonably achievable" principle, which states that medical imaging professionals should always seek to use the lowest levels of radiation possible. The Auditor General acknowledged that all of the hospitals he visited had general radiological policies based on the ALARA principle.

Third, it has been reported by the media that pediatric patients received higher-than-necessary doses of radiation because the pediatric protocols preset on the CT scanners by the manufacturers were not used by radiation technologists. What the Auditor General stated on page 150 of his report is that radiation technologists at two of the three hospitals he audited had adjusted or had the discretion to modify the pediatric protocols that were preset by the scanner's manufacturer in order to obtain an image of sufficient quality. As the Auditor General noted, "Staff at one hospital indicated that the modified protocol would often expose a child to less radiation than the manufacturer's preset protocols."

The Auditor General also noted that, while the modified pediatric protocol used in less than half of the tests might have exposed patients to more radiation than they would have received had the manufacturer's presets been used, there may have been unique circumstances in these cases. A unique circumstance may have been the size or body mass of a particular child, although I would encourage you to seek additional clarification, should you require it, from Dr. Babyn or Ms. Reid.

Finally, it has been reported that the Auditor General recommended that immediate action be taken to address the issue of CT scan radiation levels. Again, this is not the case. What the Auditor General, on page 154 of his report, did recommend was that relevant parties "develop and implement CT-radiation-exposure protocols, based on international and national best practices, that would ensure that the patient's radiation exposure is as low as reasonably achievable and is consistent among hospitals, and monitor adherence to these protocols through a quality assurance program." The OHA and Ontario's hospitals strongly support this recommendation.

In September 2006, the Ministry of Health and Long-Term Care established a diagnostic imaging safety committee, or DISC, made up of clinical experts to develop specific recommendations regarding how CT scanners can be used safely, effectively and in keeping with the ALARA principle. The OHA is working closely with this committee, and we expect a full report to be released in February 2007.

As with all issues related to the health of patients, the OHA believes that we have a responsibility to utilize a thoughtful fact- and evidence-based approach such as this to resolving important clinical issues, rather than an ad hoc, back-of-the-napkin approach.

We believe that the DISC will, in short order, develop protocols that every Ontarian can have confidence in. Once these protocols are developed, the OHA will, along with our partners, use all the resources at our disposal to disseminate these protocols and any other relevant bestpractice information to Ontario's hospitals.

Specifically, we will also offer any assistance we can to the College of Physicians and Surgeons of Ontario—the body that, according to statute, regulates the medical profession—to ensure that Ontario's physicians are familiar with the latest in diagnostic imaging best practices.

I would like to note that, once the Auditor General's report was released, the OHA, as the deputy said, advised its members to review both the report and their own policies and protocols around the use of CT scanners to ensure that these are being used as safely as possible. We will be developing any necessary educational programs so that hospital administrators and trustees will have the tools they need to implement and monitor the protocols.

One of our core mandates at the OHA is to seek out partnerships wherever possible to improve the quality and safety of patient care in this province. To that end, we will also continue working with our partners in government and in the health sector to identify ongoing or emerging issues, such as this one. We believe that these are appropriate roles for an association like ours that, unlike the College of Physicians and Surgeons of Ontario, does not possess specific statutory or regulatory authority over its members.

We would like to reassure patients, their families and the public that their safety is a top priority for Ontario's hospitals and that continuing quality improvement is key. CT scans have been, and remain, a safe and valuable diagnostic tool, and we plan to work with our partners to ensure that they are used even more safely in the future based on the best knowledge we can gather from around the world.

I would just like to close my remarks with some brief comments about hospitals and public perceptions. As you know, hospitals are trusted public institutions. People turn to hospitals for help—for themselves or for their loved ones—because they trust that the professionals working in hospitals will know what needs to be done and that what will be done is safe.

As with any trust relationship, the bond between hospitals and the patients they serve can take many years to build but only a short time to lose. Allow me to illustrate this point with a brief, relevant and unfortunate example from the media. In one community, a local radio station, on the basis of media reports that overstated the risk of CT scans to children, ran a programming segment asking listeners whether their children had had a CT scan in the last year. The follow-up question was whether these children had developed any negative side effects. This prompted over 40 worried parents to contact the local hospital, asking whether their children were at imminent risk of developing cancer.

This kind of situation helps no one. It diminishes public faith in hospitals and our highly skilled medical professionals, it worries patients and their loved ones unnecessarily and it misconstrues and devalues the many important and useful recommendations made by the Auditor General.

This example also shows that hospital practices need to be accurately reported on, that an abundance of caution should be used by all who choose to comment on them, that temperate language must be the vehicle for informed debate and that any solutions to issues raised must be developed on the basis of facts and evidence.

I would like to personally thank the Auditor General for his important report. I can assure him and this committee that Ontario's hospitals and the OHA take these recommendations very seriously and will work on them very diligently.

Finally, I would, through you, Mr. Chairman, like to thank you again for the invitation to attend this committee. We have appreciated the opportunity and look forward to answering any questions that you may have. Thank you again.

1030

The Chair: Thank you very much. We'll go to questions now. Shelley Martel from the New Democratic Party, do you have some questions?

Ms. Shelley Martel (Nickel Belt): Thank you both for being here and to the other folks who are here this morning as well. We appreciate your participation. I want to deal with the protocols around radiation, especially for pediatrics.

The auditor noted on page 154: "The Ontario health technology advisory committee was also examining the use of CT equipment, including patient radiation exposure, CT imaging standards, and patient shielding practices, and expected to make recommendations to the ministry in the summer of 2006."

I would assume they would have been looking at protocols. Did they actually make recommendations to the ministry in 2006, or was that delayed? I don't know if you have the answer to that off the top, Deputy.

Mr. Sapsford: As I'm aware, it was delayed. We have not yet received that specifically.

Ms. Martel: It has not been received.

Ms. Short: There is a report by OHTAC on the website, but I don't think the recommendations have come yet.

Mr. Sapsford: That's the OHTAC report on CT you're referring to? Can you refer me to the page?

Ms. Martel: I'm looking at page 154 at the top left-hand corner, the very first paragraph.

The Chair: Mr. Sapsford, I think we're referring to the OHTAC recommendation which we were given as part of our source materials by OHTAC, which was issued in—

Mr. Jim McCarter: We think this was issued in August 2006, but if I could just get the clerk to give you a copy of it. I think that's the one.

Mr. Sapsford: That would be helpful.

Ms. Judy Reid: Judy Reid. Basically, the report listed a number of recommendations. Part of that recommendation asked for creation of committees and review of practices elsewhere to ensure that everything that needed to be done was being done. So the recommendation was

basically to create the committee and move forward on that basis.

Ms. Short: That led to the creation of DISC, and that's what the work is on now.

Ms. Martel: I appreciate that answer. Let me then ask about what would have been available in Ontario previous to this report that might have given hospitals doing pediatric scanning some indication of what appropriate exposure levels were. I'm assuming—and I'm going to get an answer here, I'll bet—the Hospital for Sick Children would have had some useful information in this regard. I'm assuming Sick Kids does; we'll get an answer to that. My questions are the following. What, if any, effort was made by anybody to share your protocols with other hospitals to ensure that the best protocols at the time were in place with respect to radiation levels for children and what the settings were with respect to pediatric scans?

Dr. Paul Babyn: Paul Babyn. I'd like to thank the committee for the opportunity to come forward today. The issue of radiation in pediatric use has certainly been an ongoing concern, one that was highlighted for us from some data that was established in 2001. Since that time, there has been extensive development of resources and publications within the literature to address the issues about pediatric protocols. Ontario is not unique in this regard in the differences between institutions and use of pediatric-relevant protocols, and that has been recognized amongst other institutions and in the medical literature itself.

At the Hospital for Sick Children, where we obviously take these issues very seriously and are directly involved continually with them, we have developed protocols for our unique equipment. We review on an ongoing basis studies that come to us done on children from other institutions. We provide the information that we are quite willing to share with those outside institutions when we come across individual situations where we see some improvement could potentially be made.

Ms. Martel: When you say "outside institutions," can I just get clarification on "outside institutions"? Is that other Ontario hospitals?

Dr. Babyn: Yes, wherever the site is that has referred outside imaging to us.

Ms. Short: From the OHA's point of view, the whole question of the dissemination of best practice is an ongoing challenge. How do you get best practice implemented in any field? It doesn't matter whether it's CT—we happen to be talking about that. But it is an ongoing challenge to make sure that new knowledge or developing knowledge is shared as quickly as possible. That is just a fact of life. As physicians learn more, we need to spread that knowledge between physicians and also between organizations. Obviously, the useful purpose of this report is that this area has been focused on.

For the OHA, in the field of patient safety, that is a challenge too. How do you learn from experiences and transfer knowledge of best practice on an ongoing basis? That is the challenge hospitals have.

Ms. Martel: You have guidelines, though, in other jurisdictions. Doctor, you're probably in the best position to tell us about the relevance of those or if you agree with them or not. We've got some information, certainly in the United States, about protocols. We were given to understand that there were protocols already developed in the UK, although there has been some information this morning that would suggest those are still under review.

My question is this: If we have another jurisdiction where experts have looked at this matter, especially with respect to pediatric CT exams, why would we not be moving to implement those right now and then make any modifications that may be necessary through the committee that was established in August? What is the problem about doing that?

Dr. Babyn: Let me just comment. I am also a member of the diagnostic imaging safety committee. Certainly, we are currently considering the variability of CT dose among institutions and the need for age-related dose parameters to be used in CT as well as the recommendations regarding the introduction of diagnostic reference levels.

You can appreciate that there has been extensive literature and ongoing debate within many nations and jurisdictions. We would like to ensure that Ontario takes a leadership role in this and provide the information to the ministry that will allow them to put the best, not just the most expedient, solution forward.

There is also consideration in the emphasis on the role of radiologists as gatekeepers in promoting the optimal use of imaging modalities. We need to recognize that CT is one of the most powerful tools for medical imaging that we have and is unique in its capabilities in many situations.

In other situations, CT is not unique and can be substituted for effectively using other imaging modalities that do not use ionizing radiation, such as ultrasound or MR. We need to be ever vigilant that we have the appropriate capability and access to allow those situations that may not need CT to be done with other imaging modalities.

I think the committee is considering a lot of the concerns that have been raised and is looking to address them in a thoughtful manner and move forward as expeditiously as we can.

Ms. Short: In the interim, we have encouraged all of our members, as the deputy said, to review their policies and practices and also, if they don't have pediatric protocols, to certainly use the ones developed at Sick Kids and CHEO. That's what is being done in the interim.

Ms. Martel: That was going to be my next question. If there are concerns about the international literature and reasons for not implementing it right now—which I still feel like I don't have a clear answer on. I'm not trying to undermine you; I'm just not sure clearly why we wouldn't move to that as a first step right now and then the second choice, obviously, would be what is going on at Sick Kids.

Was that a conscious decision, then, made by the committee or the ministry: to forgo, for the moment, the international protocols and at least ask hospitals that do pediatric scanning to use Sick Kids' protocols?

1040

Dr. Babyn: Just to answer that, certainly we have been more than willing to—and have—disseminate our protocols to whomever has asked us, and we are looking to put them forward on the Web. There are sites that have these protocols already available, as you mentioned, so people can have access to that. We disseminate our information, and, you can imagine, over the last several weeks we have had a flurry of activity in that regard. But we only have one particular type of scanner; we don't have all the scanners. There are different protocols for the different equipment. People need to recognize that there is variability amongst equipment so that they can make sure they're using as low a dose as possible for that particular equipment.

Ms. Martel: In respect of the OHA sending a message or communiqué encouraging hospitals to use Sick Kids'

guidelines and protocols, I appreciate that.

I guess my other question would be flowing from that. What are the mechanisms to compel that until such time as we have a more established protocol from the committee? The committee may well put in its recommendations by February. I think, given the public attention on this issue, that's absolutely going to happen. I don't know what the delay would be between the time of their recommendations to the ministry and the ministry's accepting of guidelines. For the interim—the communiqué has certainly gone out. Deputy, what can you do to compel that?

Mr. Sapsford: In fact, when I met with the two colleges and the OHA last week, that was one of the first questions: On an interim basis, could a reference be made to Hospital for Sick Children standards, at least for the pediatric? We're now developing a specific response and work plan, and that is one of the questions that we'll be

addressing very quickly.

I think you have to remember that all hospitals are working with some form of guidelines. There are a number of references—the Canadian Association of Radiologists, the Sick Kids—that have been adapted from their own use of their machines. So, even in saying, "Well, let's use Sick Kids," I'm not too sure how directly applicable that would be to another hospital with a different machine and different manufacturer's standards.

But we're working very specifically on that question, to see if we can get the support of the two colleges to in fact make some reference to a working interim while the

committee completes its work.

Ms. Martel: Can I ask another question on this? I'm sorry, is that all right?

The Chair: There's lots of time.

Ms. Martel: I have just one more question, then. With respect to your own protocols at Sick Kids, I appreciate that of all of the hospitals—maybe with the exception of CHEO—you are going to have the most specialized

equipment. It's clear that that's not going to be applicable to a number of other hospitals. However, could you tell the committee, with the protocols that you do have, would they be applicable to essentially any Ontario hospital that is doing a scan?

Dr. Babyn: Certainly I would suggest that there are several avenues that can be brought forward to do this; the first is to deal with the vendors. There are only a limited number of the vendors of CT scanners within Ontario. All of the vendors have a particular interest and focus on dose reduction. I would suspect that they would all have individual access to their protocols and best practices for those individual pieces of equipment. As well, we can certainly provide some general guidelines that can be used by any institution to minimize the risk of radiation exposure in children. We'll be happy to provide that as soon as we can.

The Chair: Okay. Mr. Hardeman.

Mr. Ernie Hardeman (Oxford): Thank you very much for the presentation; we much appreciate it.

My questions are not as well versed in the medical field as your answers are, I'm sure, because I don't understand how the system works. I'm more interested in what the auditor says—and he's also not a medical expert—about what's wrong with the system.

My concern, mostly, is in two areas in the presentation done by the deputy: the wait times, but the biggest concern is the radiation levels for children. Though the auditor pointed it out, there really isn't enough information to make a good judgment on what the real situation is because of the overlapping or the division of responsibilities between the ministry, the OHA and then the practitioners who are actually providing the service.

But in very simplistic terms, if there is evidence—and there appears to be in the report—that there are images being done when the setting is not appropriate for the person whose image is being taken, that, to me, is not an issue of a new protocol. If the auditor can find out that it was wrong with the evidence that he found, it would seem that somebody under the present structure wasn't doing the job right. Somewhere in the system there must be something that says, "This is the level of radiation you should use for this type of patient." Now, if there's evidence that that isn't happening, wouldn't we be moving forward not with another study but to send a direction to everyone who is doing it to make sure that you do it to everyone this way, period?

I'm not sure how we're getting into this. We're looking for all kinds of new solutions and new protocols, but the auditor's report says some of them are being done wrongly according to today's standards. That's why I think we're meeting here today. It's very important that this problem doesn't become part of a study, but that the child who's going in for an X-ray today, a CT today, does not stand any greater risk than they need to to have that CT completed. I want to know what we're doing to deal with it now.

The Chair: Can I just intervene here briefly? I'd just like the auditor to explain the process he went through in

order to identify this problem. I think it's only fair to the hospitals because they were really the ones who discovered that there were—

Mr. Hardeman: Mr. Chairman, I appreciate that. My problem is not how it was done. My problem isn't even whose fault it is. My problem is, what are we doing today to make sure that it doesn't happen tomorrow?

The Chair: Mr. Sapsford?

Mr. Sapsford: Well, perhaps I'll start. I think the complication from my perspective is that many of the decisions around radiation exposure are professional decisions. As the deputy or as the ministry, it's impossible for me to write a line that directs all professionals in the province to practise this way. Those are professional decisions. The difficulty from my point of view, although I acknowledge it's a responsibility for the ministry to follow up and make sure, as you're suggesting, what ought not to happen doesn't happen, is that I can't simply write a letter and say, "Do it this way." That's where the ministry must of necessity rely on the judgment and advice of the experts in the system.

My first appeal to hospitals was to say, "Review what you're doing." I know, as deputy, they work in a professional environment that says the lowest dose that's possible to get an effect. That's my working assumption as to how the professionals work and practise in Ontario. Now, when there's evidence that it isn't happening that way—that's what our debate is about today—the question is, who responds and how?

The first response, in my view, is from professionals themselves. They have to ask the question: "Is what we're doing, the way we're practising, right?" I suspect that as a result of the auditor's report, those questions are being asked.

The second response is, in my view, from the hospital, "Is the way we're organized and is the operating procedure that we're using in this hospital according to a standard? What is the standard? Is it up to date?" as the doctor has said.

Then the third response, from my perspective, is: What does the ministry have to do to ensure that those responsibilities and accountabilities in fact are taken seriously, they're followed up? That's how I've tried to characterize the ministry's response.

So who responds and how? Each part of the health care system has to respond, and I would argue that you can see that response occurring in an appropriate way, and fourth, where does the responsibility lie?

In my view, when we cross into questions of clinical practice—how much dose, the height and weight, what's the condition, what kind of a picture do we need, what part of the body, how much radiation—those are all clinical decisions that lie in the hands of professionals. I know the doctor can expand on that.

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Mr. Hardeman: If I could just go further because, like I say, my concern isn't a ministry concern. I think it is the providers of the service. As we're looking at things that need to be improved and things that need to be done

better, I'm sure that the direction that a radiologist has as they're performing the test—I'm sure there's nothing in it that says, "Don't worry about the level of the radiation." It says that there's a certain standard for the different type of patients they're doing. Children get less radiation than a grown person. I'm sure that's presently the practice. The auditor's report says there are cases when that setting is not being properly done when it goes to kids. The college would have some responsibility, I think, as I read in the standards they're responsible for, to monitor, educate and direct the appropriate practising of that exercise. What are we doing if that is happening and we don't know who is doing it and who isn't? Did we notify all these people to say, "This is important. It's not something that sometimes we forget"? Why would it be happening that they're doing it wrong?

Ms. Short: Changes and improvements, though, happen in all parts of the health care system all the time, as you learn new knowledge. I will say that, but I'd ask Dr. Babyn to comment on a couple of things that you've said.

Dr. Babyn: The recognition of the variation between patients and the requirements for doses is something that has been emerging over the last several years. The capabilities of the equipment and improvements that have been made with the automatic dose reductions are again things that have only been brought forward over the last few years, so there is definitely a change for the better and a recognition of these potential capabilities that we can now do. So that is the starting point.

The other is disseminating the information and making sure that each and every time the study is obtained that the lowest dose possible is used. There's a lot of variation between patients, by their size, by their age etc. that we take into consideration and others take into consideration. It's just a question of making sure and being vigilant all the time that each individual patient is considered as an individual and not just a standard that is known and being used because it will produce very decent images.

You have to recognize that for CT, it's sort of like how much light do you need in this room. The question is the light that you may need for a full committee hearing is going to be a different level than if you just need to know if the blinds are open or any other thing. It's very easy with CT to use too low a dose and then you don't get the appropriate medical information, and that is the consideration. It's much more difficult to tell that you used too high a dose for that individual patient. We're trying to find the compromise in the middle of using the right dose for that patient to provide the right information that's needed at that time for that individual patient.

Mr. Hardeman: I have one more on that same topic just so I understand it, because I read the auditor's report and it doesn't say all children are receiving too much radiation for the cause, it just points out that this is happening. The next step, of course, is to reassure the public that every child who has had a CT has not been over-radiated with it; it's just rare cases. I want to know, if we are aware that it's only minimal cases—it just

happened, we found the ones where it was happening—how come we can't find out what caused that to happen? If it's that high a dose, it isn't just making the decision of how much we should use and then finding out that we were a little too high or a little too low. This seems to be that people are not vigilant in rationalizing the use and the patient, and balancing that out.

Have we done anything to point that out to them? This is rather important. I know the people in Oxford county who saw this in the paper have great concerns. The people in this room have great concerns. Do all the people running the CTs have the same concern? Have they been informed that the problem is there, that they need to be more vigilant than they were two months ago?

Mr. Sapsford: Yes, I believe they all share the concern. And as I said in my remarks to your question about this being isolated or not, that's one of my questions. To that end, I'm making sure that we meet with those hospitals to understand in a little more detail what the significance of the results of the audit are for those hospitals. I think at that point, the ministry would be in a better position to judge whether this is more isolated or whether we need to do further work. But that's precisely why I want to have a more detailed discussion with the hospitals about their specific results.

Mr. Hardeman: Just very quickly, Mr. Chair, on the wait times: I can't understand how a patient in a hospital—obviously this is a difference of opinion between the auditor and the ministry—who gets an MRI and is never on a wait list could become part of the wait time.

Mr. Sapsford: Well, the mechanism that—yes, they would be on a wait list. Emergencies, like emergency scans, are obviously not on the wait list, but they're not included in the calculation. For in-patients in hospital, who would be in the next criteria—in other words, the scan has to be done before deterioration—the wait or the benchmark is two days. It's a very short wait, I grant you that, but what we're trying to do is not classify by "in" or "out" but by the clinical necessity of getting the scan in order of priority. Generally speaking, hospital in-patients are sick and hence need access to the diagnostic equipment, not because they're an in-patient but because they need the diagnostic work. That's taken into account in terms of calculating the average, but that's what an average is: We take the full population of patients being scanned and calculate the average. I think what we're reporting publicly, though, is the 90th percentile, which in my view more than compensates for the concern that was expressed about short versus long, meaning an average. We're now reporting the 90th percentile, so that means that this is the time people have to wait until 90% of everybody who's waiting gets access to the scanner, which I think is-

Mr. Hardeman: That's the other half of the question: the 90th percentile. When I'm looking on the website for a place to get the treatment sooner, since I'm looking, is it not almost automatic that I'm in the 10%?

Mr. Sapsford: No. Well, the last 10%—I don't want to get into a statistical discussion necessarily, but the

reasons that the last 10% of people wait often has to do with their condition or they're not available or there's a change in the clinical decision about the necessity of it. There are individual reasons. So in terms of the efficiency of this system, which we're trying to measure with this, the accepted standard is to look at the 90th percentile as being those who are truly waiting, with no other intervening factor. This is a reasonable estimate. So it moves away from the argument—I mean, I agree there's an argument about the average, but an average is an average, and we use that in health care a great deal to measure the performance of systems. So it's not so much on any day what that number is, but how that number changes over time. That's really what we're tracking. To give a reasonable representation of the wait time for the public, as I've said, we've chosen to move to the 90th because that does come closer to what's the longest period of time you're likely to wait, as opposed to the shortest period.

1100

The Chair: That was an interesting "one more question." We'll come back to Ms. MacLeod in the next round.

Mr. Patten.

Mr. Richard Patten (Ottawa Centre): Thank you for your presence and your report today. As you rightly identified, the committee did feel that it was important to follow up immediately because of the possibility of public confidence and misrepresentation in the media of what the auditor actually said and what he identified as being of import to continue to run down and track. One of the questions that was raised at our meeting was—first of all, the auditor was reviewing a small number of public hospitals, and he did say, "However, there are some important indicators to follow up on." That's what he said.

I used to work for a children's hospital, as you probably know, at CHEO, as the head of the foundation. I was concerned, so I phoned CHEO and said, "What's the reaction?" They said, "Well, we've had a number of calls from parents being concerned about this." My assumption is that in the area of pediatric excellence, obviously most of that is going to be-that's not to say anything disparaging about the pediatric divisions of general hospitals. But you would expect that the attraction for those who are doing research, because both CHEO and Sick Kids are teaching hospitals—that that's where the expertise is. My suggestion was, "Why don't you offer to the other general hospital pediatric divisions at least your experience heretofore in terms of the range of what you deal with?" My assumption would be that that's where the greatest body of knowledge is, and indeed the indication was that CHEO and Sick Kids were working with the OHA to offer that opportunity and to bring together some of those who-that's number one. I didn't hear anybody comment on that, but it was suggested to me that that's the sort of thing that was going to be happening.

Number two, I had suggested that CHEO might want to do something in its own community if they felt that there was some kind of a questioning of confidence because it would flow over to all the hospitals, particularly for CHEO. Of course, they value their own reputation in that community, and this could get out of hand. I know some of the talk shows love to play this kind of thing up. They can raise doubts in the minds of people unnecessarily.

My question is somewhat related to Mr. Hardeman's and Ms. Martel's, which is that in the immediate case, I can see the ongoing evolution of knowledge and learning with technology, which I appreciate, and that there is a group that's looking at this at periodic points in time. There's some reporting as to, "Okay, now here's what we're going to upgrade," but that's always in evolution, and I do appreciate that. But I guess our immediate concern is what kinds of things can be done to allay the misconceptions and to provide some confidence in the public that we're on to this, we've got the overall picture, and we're doing some things immediately to engender some confidence in the general public.

Ms. Short: I appreciate those comments. That's certainly something we've tried to do through the OHA, and individual hospitals may wish to do that too. But I can assure you that the protocols from Sick Kids and CHEO have been made available. As Dr. Babyn said, that offer has been accepted and they've moved immediately, as the deputy said as well. But perhaps you're right: Maybe more needs to be done by our association or individual hospitals to reassure the public that despite there always being a need to improve, those scans are still an important part of diagnosing illnesses and so on.

The Chair: Are you finished, Mr. Patten? *Interjection*.

Dr. Babyn: I'd like to comment that certainly, since the release of the Auditor General's report and as part of our ongoing activities that had already been established amongst the Ontario Children's Health Network and pediatric MRI and CT wait time activity, we have expanded that to make sure that we include the dissemination of information for CT as we move forward in that regard.

All the Ontario Children's Health Network institutions currently have protocols that are pediatric-adjusted. Those are some institutions that certainly do the large bulk of imaging for pediatrics in Ontario, so we can be confident in that. All of them have been willing to disseminate information to their local communities as needed for pediatric adjustment of protocols.

Ms. Monique M. Smith (Nipissing): This is kind of a follow-up to Mr. Patten's question. As we've heard from all the members, there has been a great deal of concern raised, especially around the children's CT question. I know that the auditor has tried his best to control some of that concern with some other interviews where he has pointed out the limitation of the review. But I just wondered—and Ms. Short, you talked about the radio exchange and people getting agitated—where can just

normal citizens who have concerns and who have questions about safety and accountability get information? What kind of communication can hospitals do, the ministry? Or where can we point, in our case, constituents who are calling with questions? We'll reassure them as best we can, but where can we point them to as well?

Ms. Short: That's a very good question. These are actually excellent questions. Obviously, Sick Kids and CHEO have always been very good at sharing information. They're very proactive at sharing information. I'm not sure right now whether that kind of information is on the website; I just don't know. We can certainly look at that and do what we can in terms of encouraging hospitals or finding places where the general public can go, which would be the best ones to refer on that issue. So I don't have an answer for you, but I can say that it has raised good points in my mind. Certainly I know that the hospitals themselves are good points of information, but they may not have specific information on this point readily available on their websites at this point, so we'll look at that.

Mr. Sapsford: Advice to individuals: In my view, the first response, where there's a concern about care and treatment that either they or family have received, should be back to their professional, their physician; in the second instance, if it's a concern more broadly about care in an institution, then to the hospital directly. Where it's an individual clinical concern, where someone is concerned about the practice of a physician, then the recourse would be to the College of Physicians and Surgeons of Ontario, the college of medical radiation or, in the final analysis, the ministry fields a lot of questions and concerns to make sure that people are being directed to the right source to get those kinds of questions answered. But if they're concerns about clinical care, generally speaking, information is generally provided by the professional community or, as Ms. Short has said, from the hospital or from the institution where the care is provided.

Ms. Smith: Thanks. Just as a follow-up question, perhaps, Ms. Short, the OHA could look at disseminating some information to all your members that could be posted in the radiology departments or something so that if people come in with their child and have a question, then there is some readily available information there.

Ms. Short: Yes, we could do some Qs & As that could be put on people's websites and so on. Then, as the deputy says, if people have specific issues about what has happened to them during the course of their treatment, I guess they'd have to ask their own individual physician. But people are very used to websites, we find, these days. We'll certainly look at that.

Ms. Smith: Thank you very much.

The Chair: Are there any other questions from the Liberal caucus? Thanks very much. Ms. Martel?

Ms. Martel: Are you next?

Ms. Lisa MacLeod (Nepean-Carleton): You go ahead.

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Ms. Martel: Actually, I want to follow up from where Ms. Smith was going, for this reason. We had some constituents who called us and said their children had had CT scans at our local hospital. They called the hospital to ask whether or not they should be concerned and the hospital said, "We weren't part of that report, so don't worry." I thought it was a rather poor way to respond to a family who, I think, is representative of a number of families who have some concerns. I'm not talking about hysterics by any stretch of the imagination, just someone saying, "How can we find out if our child was overexposed?"

My question is, at what point should parents be concerned? I don't know if you can answer that, Dr. Babyn, but if it was one scan, should they be concerned or not? If there have been a number of scans, should they be concerned? Even if their hospital wasn't the one that was highlighted in this report but is a hospital that's providing scans, what kind of information can they get and what can they do? I'm not a medical expert. I have no sense, except from what the auditor reported about, of how challenging this could be, but I would really like to get some information along the lines of, at what point should we be concerned, should parents be concerned, and then where do we go from that?

Dr. Babyn: When you ask individual questions related to a particular family and child, I think you have to look at it from the point of view of what the individual benefits are as well as the individual risks. As we know, all medical procedures, therapeutics, interventions and imaging have risks and they have benefits. Certainly for the individual, the benefits of an appropriately indicated examination far outweigh the future risk, and it is a potential risk to that individual child.

If you look at what we're saying, we have immediate risks from trauma, from whatever the medical condition is that the child required the scan for, to the potential risk 50 years from now that they may have an excess incidence of cancer of one in 2,000, one in 4,000, whatever the dose is. And even if they had a slightly higher dose than expected, there is still a risk. We know that no matter what level of radiation you give, there is a risk for that level of radiation. The higher the dose that you have, so the more examinations you have—it is a higher risk, but at the same time we need to balance that and say the medical benefit from that examination and the potential information that's gleaned from that examination is more than likely in that individual patient to far outweigh the risk in the future.

Ms. Short: And I think it goes back to that point. We will try and gather some pieces of information that we can make readily available using the expertise that we have to give families the best information we can under the circumstances that would reassure people. We will try and do that because I think it has raised so many concerns.

Ms. Martel: I think the issue is not just the benefits versus the risks for parents making that decision. It's also

where the decision's already been made because the child has already had the scan.

Ms. Short: Yes, that's right. So we want to put the best information—

Ms. Martel: What does this mean if the scanner was set too high? Actually, that is the nature of the calls that we're getting. I don't know if there is a way to respond to that.

Dr. Babyn: We'll elicit medical physicist help in assessment of risk. But again, it's a relative increase in risk from a very low level to a slightly higher level, and the question is, how do you quantify that? Can you? I don't think there's going to be a satisfactory response for that individual itself.

Ms. Martel: Just with respect to the other hospitals and the deputy said this is the question, of course, that you were thinking of-is this isolated or not? Did the auditor find the two hospitals where there might be a problem, or did he just find evidence that this is probably more systemic? You did mention that you were going to be meeting with the two hospitals about the specific results and then would decide what to do next. I just wonder if I could get some clarification. What are you looking at when you're talking to those hospitals and how is that more broadly applied with respect to other hospitals that also may be doing pediatric scans? I recognize, Doctor, you talked about the children's network and those institutions doing the bulk of pediatric scans. I don't know what that represents in the system. I don't know how many hospitals that is and how many hospitals outside of that might have been doing scans and whether or not you have that information, and secondly, how relevant that information also is.

Mr. Sapsford: I don't have that offhand, but I can certainly find that out.

In response to your question, I think the ministry needs to know more about the methodology that was used in the actual results. I know that the hospital staff gathered a lot of the information and produced it for the auditor. I'm more interested in what the hospital's response to the results is with respect to their own analysis of what the issue is here. Is this an issue of, "We have a standard but nobody uses it," or is it, "No, we didn't have a standard. Individual professionals make their own decision." I want to understand more about the process in that hospital itself—and that isn't clear in the auditor's report—and then come to some conclusions about whether further examination needs to go beyond that.

Again, I still work with the assumption that all professionals are working within their own expertise to set up norms and standards that are appropriate for that practice. So the question for me is, is this a practice issue, is it an organizational issue, or is it a much broader issue where there's lack of information or knowledge that needs to be filled in.

Another example in the auditor's report is staff not wearing dosimeters. I don't understand that. I don't understand how that would be, based on the practice as I understand it. So it's those kinds of questions that I need

to get more information on in terms of the response and the rationale—what's really going on—because I don't think dosimeter problems is a widespread systemic problem. I do not believe that.

Ms. Martel: I appreciate that work and I appreciate the concern about the professional intervention and are people responding to that appropriately. I do think having some protocols that everyone says are established would go a long way, so I encourage those as soon as possible.

I would appreciate some information around which hospitals do scans. Maybe, Doctor, you can just describe to the committee or to me what the relevance of that would be. If the bulk of these scans were done within the children's network and most of them were using some established protocols, either Sick Kids or CHEO, would that significantly reduce the potential exposure that might have gone on? I don't know if you're in a position to answer that, because I don't know how many hospitals involve the network and what the bulk of the scans would be.

Dr. Babyn: The Ontario Children's Health Network consists of five institutions: the Children's Hospital of Eastern Ontario, the Children's Hospital of Western Ontario, Sick Kids, McMaster as well as Kingston. So those institutions certainly have established protocols for pediatrics. I'm not aware of what percentage of children is done outside of those institutions. I can't comment on that directly. I would imagine that the majority of the younger patients who require more specialized expertise are done within those institutions, and the others are more likely to be adolescents, where the relative risk is reduced and more comparable towards adults. But I can't specifically comment on that further.

Ms. Martel: Those are my questions on those ones.

The Chair: Ms. MacLeod?

Ms. MacLeod: I'd like to welcome both Ron and Hilary to the committee, as well as their colleagues. Thank you very much for today. I know it was short order, because the auditor's report was just released, so I do appreciate you coming under such fire today.

I also want to say thank you to my colleague Shelley Martel. Her line of questioning was very similar to what I

was going to ask.

I just wanted to shift gears a bit with respect to both of your deputations, and you in particular, Mr. Sapsford. It's a little confusing. We're talking about different legislative frameworks and who's responsible for whom, and it's very unclear to me who is ultimately responsible for health care in this province. Would you like to clarify that? Because I'm looking at hospitals and clinicians, and at some point the buck has to stop somewhere. One would assume, as a legislator, that it would stop with you and the minister. Would you be able to clarify that for me?

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Mr. Sapsford: The relationship of responsibility and accountability is for the role performed. In this province—well, not this province—in this country, in North America and the western world, the concept of

professional practice—an independent practitioner making clinical decisions—is a keystone of our health care system. And so where clinical decisions are being made and treatment applied, it is the professional's responsibility. That's simple and clear. How that practice is then regulated on a professional basis is where our legislative framework through the colleges in the province describes their responsibilities. So where people feel that their diagnosis and treatment is not appropriately managed, then the role of the college takes over.

The responsibility of the ministry is in the framing of how all this legislation works together and in ensuring that it's effectively administered and followed up.

Ms. MacLeod: With respect, I think the Auditor General's report uncovered to myself, as well as to my colleagues and many Ontarians, that the system doesn't seem to be working all that well, when you're getting some children in some hospitals—I just want to quote the auditor's report: "Staff at the two hospitals we visited that performed pediatric CT examinations indicated that, in close to 50% of the selected cases, the appropriate equipment settings for children were not used."

My question to you then becomes: How can this committee and how can this Legislative Assembly ensure that the protocols are being met? Do we have to change laws?

Do we have to put in place regulations?

I know that this can be a bit emotional, and I really appreciated the anecdote you were talking about, Ms. Short, with respect to the radio announcers asking parents and getting them all worked up. I'm a parent myself, as is Ms. Martel, Mr. Qaadri and many others here. You get a little bit worried because we're talking about children, and maybe that's why you're getting more media reports and people asking more questions.

As a legislator here, my question is, how do we improve upon this? How, as a Legislative Assembly and as a committee, do we ensure that the proper protocols are

put in place?

Mr. Sapsford: Thank you for your question. I hope today that you at least have the beginning of how that response will occur. We're working very closely, as indicated, with hospitals. We need to follow up on the audit report to get more information about whether this is professional, organizational or systemic. I've committed to doing that, because it's not an easy answer, based on what I've seen in the auditor's report.

Whether other legislative intervention is required is a question that's on the ministry's mind. In the discussion with the College of Physicians and Surgeons and the College of Medical Radiation Technologists, that question was laid on the table: What are the colleges going to do in the face of this report? We asked questions such as: Should the colleges go into these hospitals and do more of a professional review?

Their current mandate is really with respect to individual professionals. The auditor's report didn't name people and say, "This person's practice isn't acceptable," so it's difficult for the college to see immediately what their response is. I don't dispute with you that our system is complicated; I don't dispute any of that. I think the auditor's report has raised a number of issues that we're actively looking at to see what is a better way to respond to some of these questions. I think that's where I see, as deputy, the value of the report, because it's raised questions in a novel way, if I could put it that way. Now we're having to respond to make sure that the system is following up appropriately.

There is a question about the role of the—

Ms. Short: Healing arts radiation commission.

Mr. Sapsford: —healing arts radiation commission around their role with respect to CAT scanning.

The current regulatory framework does not include inspection of CAT scanners. That's a regulatory question, and we're actively looking at that particular part.

I agree with you: We have to do more work to see if there's better follow-up so that our system can work better together. We're looking at this as an opportunity to look for improvement.

Ms. Short: Can I just add something to that? Changing standards and continuing improvement occurs in every aspect of hospitals all the time. It doesn't always occur in the glare of the light of publicity that we've seen as a result of the auditor's report. In surgery, in infection control, in patient safety, for example, hospitals try to improve all the time, working with their practitioners. Today's standards are not yesterday's and they're not tomorrow's. They change all the time. This is a very important area that we have to focus on. Because of public concern, we have to talk more about it and help people understand it. But it occurs all the time. It is complicated but physicians, hospitals, all the partners in the system do try to improve all the time.

If I could answer your question, I think we have a shared responsibility as hospitals, practitioners and the ministry. We try to work together to improve all the time. That's why we take this all very seriously and we're going to try to work our way through it. But it's just one of a myriad of examples where we need to be ever vigilant and to use new knowledge to improve all the time.

Ms. MacLeod: I'd like to go back to the deputy minister's comments where we're not quite clear yet if it's a systemic or an organizational issue. On page 135 of the auditor's report, the auditor cites, "A recent survey of referring pediatricians in the Toronto area found that 94% underestimated the radiation exposure for children from CT examinations." To me, that's one example, right there, of a problem. Do you need this to see the report?

Mr. Sapsford: I remember the statement.

Ms. MacLeod: That is disconcerting to me. I wonder, what steps are you taking right now to ensure that referring pediatricians across the province of Ontario are up to speed on acceptable radiation levels?

Dr. Babyn: Perhaps I can answer that. There was a survey conducted by a member of my staff, Dr. Karen Thomas. As that has just been recently published, we are disseminating that information to all the survey

participants, who really are all the pediatricians within the greater Toronto area. Certainly that information can be made available even more broadly throughout Ontario. So we are taking steps to educate our referring physicians and trying to ensure that they have the best understanding of the risks involved.

We are not unique in Ontario for that. This echoes some studies done in adult institutions regarding the understanding of radiation risks and changes over the last few years. The best that we can do to try to educate the upcoming generation of physicians, as well as those who are locally referring to us, is what we're trying to do.

Ms. MacLeod: Just before one final question, I would encourage you to make sure that happens throughout all of Ontario, not just the GTA.

Finally, moving just from referring doctors, what about patients and parents? The auditor's report found that, "Hospital staff indicated that patients were not specifically informed about the radiation risks of CT scans." I'm just wondering, how can a parent or a patient find out about the radiation risks?

Dr. Babyn: You raise a very valid question and one that is being considered as the issue of informed consent. Clearly, as we understand more of the risks of procedures, I think we have an obligation, for example, in CT, to not only discuss the risks of contrast material that may be infused during the study but also the potential risks of radiation.

We have done a survey of institutions and that is not yet standard practice, really, anywhere. It is something that is being developed moving forward and from today, one that we're going to strongly look at implementing for ourselves. But I think informed consent is one of the considerations for that so that parents have an understanding, as well as the children themselves, of what the potential benefits are as well as the risks.

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Ms. MacLeod: Okay. Thank you very much.

The Chair: Can I just ask a supplementary on that? If a child has had a CT scan in the past, is it possible for the parent to find out what the radiation dose was?

Dr. Babyn: I think that is going to depend in large part on when the study was done. There has only recently been the capability for the individual recording of the particular dose on the scanner itself and having that information available, and not all institutions currently record that information. That's something that I know the committee is looking at for the diagnostic imaging safety committee, as to whether that information should be recorded and reference levels established and utilized to make sure that we're in the range.

To answer your question, I can't really say for each individual site, "Yes, it's possible." For certain sites it's certainly possible, but there are a lot of factors that go into what the actual dose is for that individual child, not just the equipment's standard.

Ms. Short: In the future, the electronic health record may help in that regard, but again, it would be patchy right now.

The Chair: But the patient or the guardian of the patient is entitled to that information if they ask for it; correct?

Ms. Short: Yes, absolutely.

Dr. Babyn: Oh, yes.

Ms. Short: Whatever's in the record can be accessed.

Mr. Sapsford: Mr. Chair, just on that question, one of the three hospitals is now giving that information to parents.

The Chair: Good. The auditor had a question here.

Mr. McCarter: I was going to go at the end, but I could ask it now. Dr. Babyn and Ms. Reid, thanks for being here and taking the time. We were interested when we talked to Sick Kids—Sick Kids actually was very proactive. When they would get a CT scan from a referring hospital, if they noticed that the dosage level looked high, they had pretty good packages that they sent out to the referring hospital saying, "You should have a second look at your dosage levels."

My question is directed at getting a feel for the extent of this. I don't know if you have any feel for this, but how often, when you get scans from a referring hospital, would you have a situation where your people would look at it and they'd say, "You know what? This looks higher than the protocol we would use"? Would it be one in 10, one in five, one in 20? Do you have any feel for the range that this would be happening in, where you would be going back to the referring hospital and saying, "Here's some useful guidance that might be helpful"?

Dr. Babyn: We first established this process back in 2001, and since that time we've noticed a steady decline in the number. I don't think that there have been significant numbers in the recent ones that we've seen, so I can't give you an exact number myself.

Mr. McCarter: Okay.

The Chair: Mr. Sapsford, can I ask you when you received information that this was a problem in two hospitals?

Mr. Sapsford: When?

The Chair: Yes. When were you first made aware of

that particular problem?

Mr. Sapsford: The process that was used was, the audit draft was completed. It was shared with the hospitals, the hospitals responded, and then it was shared with the ministry. We were given about a week I think, seven days, to respond in general terms to what we saw. It would have been late October—oh, no, it was November

Mr. McCarter: It might have been late September, perhaps.

Mr. Sapsford: Somewhere around there.

Mr. McCarter: We had finished all of our work at the hospitals and basically had their responses before we provided the draft document to the ministry.

Mr. Sapsford: I have the end of October.

Mr. McCarter: Once again, the auditor is corrected.

The Chair: Did you take immediate action at that point in time to tell the hospitals to deal with the matter? Did you communicate with the rest of the hospitals in

Ontario that would be giving children CT scans to improve their practices?

Mr. Sapsford: At that point?

The Chair: Yes.

Mr. Sapsford: No. The first response to hospitals was at the release of the audit report.

The Chair: Why wouldn't you take action right

away'

Mr. Sapsford: I think this is an issue around some of the process around the audit itself. Our understanding in the ministry was that the audit was not to be shared publicly until it was released, and so discussion with the individual hospitals was not undertaken until after that. The ministry's response and the way we were approaching it at that point was through the diagnostic safety committee, as we've already outlined.

The Chair: Do we have any further questions? Ms.

Martel.

Ms. Martel: It's on a different issue from radiation.

The Chair: Sure. Go ahead.

Ms. Martel: I want to ask some questions about the wait time concerns that were raised by the auditor. I'll be candid with you, Deputy. When I saw the announcement that Senator Kirby was going to be independently reviewing the Auditor General's concerns, I took from that that the ministry either didn't trust or didn't agree with what the auditor had to say. So I'd really like to hear from you as to what it is that Senator Kirby is looking at that may be different from what the auditor actually recommended in terms of next steps.

Mr. Sapsford: Well, it's certainly not to redo the audit. I think our concern is around the measurement itself and the presentation of the measurement, to get an external view from the public perspective as to the adequacy of the measure, how it's calculated and its presentation. With wait lists and the manner in which the information is collected, the rules around it and so forth, we're into statistical techniques that are sometimes difficult to communicate clearly. So it's really around the presentation and to ensure that if there are improvements we can make in that as well as the measurement tool itself, to consider those recommendations and to move forward.

Ms. Martel: Can I just clarify that? I'm not sure that I'm understanding when you were talking about the measurement tool and the presentation. Is it that you disagree with his concerns about the mixing of in-patient and outpatient data. Is that the concern? Is it a concern with the second item that he raised, which was that the starting point for measuring wait times was different even in the hospitals that he was in? When you talk about the presentation and the measurement, what is it that you're referring to specifically?

Mr. Sapsford: I think the overall approach that we're using to reporting waiting times. Typically, you report these kinds of statistics on an average basis. The auditor took some issue with that in terms of whether that is an accurate representation. As I've already said, the ministry had already moved to looking at 90th percentile as a

better way of representing wait times. So it's really simply to review the whole process of public reporting of wait times, the measurement tool itself and the method of presentation.

Ms. Martel: Okay. You referenced what other provinces are doing, that other provinces use averages and that's fine. Maybe that's not the correct—maybe they shouldn't be using averages either; that would be the flip side of the argument for me. So is the ministry going to continue the in-patient-outpatient, or do you think that moving to the 90th percentile as a different measure is going to respond to the concerns that the auditor noted?

Mr. Sapsford: In my view, it does respond to the concerns the auditor has raised, in large measure, because now we are reporting the point at which 90% of the people waiting have in fact received their scan, which is a better representation of the actual time of the wait. So at the 90th percentile, 90% of the people waiting have received their procedure and 10% will wait longer than that. As I've already said, there are a number of factors that go into the wait. There are issues around patient choice, the condition of the patient. Sometimes scans or procedures are booked as routine follow-up beyond the 90th percentile, but those numbers are included as well. Sometimes it's treatment complexities, so the wait is related not to the procedure not being available, but other resources needing to be brought around it, other treatment modalities. All of those factors are embedded in the calculation of it, and, all things considered, reporting at the 90th percentile represents that best.

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Ms. Martel: The second issue: the starting point for measuring wait times.

Mr. Sapsford: The starting point, as it's defined, is the time the decision is made to proceed. In the case of diagnostics, it's when the radiology department receives the order and there's agreement that tests be done. In the case of surgical procedures, as I mentioned, the information system is being put all the way back to surgeons' offices. When they see a patient in their office and make a decision to do the surgical procedure, the surgeon's office is then able to include it on the waiting list from that date. So we've got the earliest possible date: the date of decision that treatment should proceed.

Ms. Martel: Are these new—maybe the word is "definitions"—standard protocols? Or is the problem that you're still getting hospitals doing different things?

Mr. Sapsford: At the time of the auditor's report, as I've said, we didn't have the computer system available. It's only been implemented over the course of the summer. At this point, it's something like 55 or 57 hospitals, representing 90% of the volume. So it's not all hospitals in the province but those that are producing the significant volume. All of those hospitals are now online.

I believe the definitions were there, so it was how it was recorded, because we were doing it essentially when the procedure was done and the original date of booking was included as part of that submission. I believe it's probably, to some degree, errors in reporting or just the

way the process had been set up in individual hospitals. But with this new system, a lot of that reporting error should be gone.

Ms. Martel: Let me deal with one other concern that he raises. I think it was 33—he'll correct me if I'm wrong—hospitals that have CT scans and MRIs that don't have to report at all. Was it 33?

Mr. McCarter: I have to check.

Ms. Martel: If you have hospitals that still have the machinery and are actually doing the work and don't have to report, doesn't that skew your numbers?

Mr. Sapsford: You raise a good point. We have started with the hospitals that are receiving additional funding to increase their volumes, and that's the group of hospitals that are being monitored. On the surgical side, as I've said, that's over 90% of the volume. The volume of CT/MRI: I'm not so clear. I can get that information for you, if you wish. But that's where the focus has been, where we achieve the greatest volume of service. The large hospitals that have large volumes is where we've started.

Bear in mind, we've started this process from scratch and we're building this component by component over time. So we've started with the five surgical procedures and CT/MRI in those hospitals where we're providing additional resources to increase those volumes. But we've designed the information system in a way that we can extend it to all surgical cases in all hospitals. It takes time to implement the program, so that would proceed over a period of years until we have a comprehensive reporting system on all surgical waiting times.

Ms. Short: I have to stress again, as I did, that this is a huge step forward that we've embarked on here in Ontario, and a lot of progress has been made in a short space of time. It's immensely complicated. If the committee just remembers that before this time, there was no wait list because all of the individual physicians across the province kept their own wait lists in their own office. There was no ability to compile any wait lists at all. So the fact that we're having this discussion is really about how we can continue to improve the reporting, get better at it and broaden it. I think it's a huge step forward that will be of benefit.

So the glass is half empty, yes. We haven't got it right yet, but there is a great deal of progress being made, which I consider to be very exciting. We need to look at how we do it best, how we get everybody to report consistently and get it all online. But really, at the end of the day, it's a huge step forward and it's a big task we're embarking on together.

Mr. Sapsford: I think another point I'd raise in terms of the data itself is that the ministry has started its own audit process on things like definitions and compliance with it. So as this new information system comes into place, the audit triggers and trails are being established as we go.

Ms. Martel: That audit process will apply to those hospitals that are online right now. When will that start,

an actual group of people who are doing that work, or has it started now?

Mr. Sapsford: No, I don't believe we've done an occasion yet, because many of them are still implementing it, so I would suspect during 2007.

Ms. Martel: I have one final question. When do you expect Senator Kirby to provide you with his report? What's your timeline?

Mr. Sapsford: I would expect a few months. It won't take a great deal of time.

Ms. Martel: I know the auditor told the committee already that he's had a call from Senator Kirby. I'm assuming that whatever he finds is going to go back and forth not just to the ministry, but to the auditor for review as well. Is that the undertaking?

Mr. Sapsford: I don't believe that undertaking has specifically been given, but it's an interesting—

Ms. Martel: How would you like to make that undertaking, Deputy?

Mr. Sapsford: Would you allow me a little time to consider that? But I'll respond to the question.

Ms. Martel: I don't want to undermine anybody, but I've been on this committee for a long time. I usually take what the auditor has to say—both the previous auditor and this current one—with a lot of seriousness. So I was, and I remain, concerned about another review of his work and where that leads. It gives me the impression that someone didn't believe his work.

Mr. Sapsford: If I could help, this is not about redoing the auditor's work. It is a measure of the concern from the auditor's report that the ministry make sure that in its public reporting of wait times, we're doing it in an appropriate, thorough and effective way. It's from the report and the concerns that were identified that the minister decided to do a third party review of the work that we're doing. So I want to make it clear: We're not redoing the auditor's report.

Ms. Martel: I don't think I was suggesting that you're redoing it. It's the implication about whether or not you agree with recommendations or trust the recommendations. I hope that, as Senator Kirby does his work, he's going to continue to have an ongoing relationship as well with the auditor to have these things clarified.

Mr. Sapsford: Fair. I'm not trying to be defensive about this at all. This is a very important program for the ministry and we want to make sure that it's done with public confidence. This is a very serious and honest attempt to ensure that access to these services improves, that the citizens of Ontario have effective access to these and that we have an effective measurement system to monitor it. So it's from the ministry's concern that this is seen to be effective, reliable and valid that we're doing this extra level of due diligence, not from the perspective

of, "Oh, we don't agree with the auditor and we need a defence to the auditor's report." I can assure you it's not from that perspective, although I would be happy to debate the meaning of the word "average," what that means and what it doesn't mean. But there's serious intent here.

Ms. Martel: Thank you, Deputy.

The Chair: Can I ask for clarification on your statement, Deputy? The benchmarks for the provision of MRI and CT services: You mentioned priorities 1, 2, 3 and 4. When was that established?

Mr. Sapsford: That was established, I think, late in 2005. This comes partly from the federal-provincial agreement between the provinces and the federal government. Provinces were required to agree to benchmarks in December 2005, and it was at that point that Ontario established, for the five procedures, those categories.

The Chair: Ms. Short, I would like to ask you a question. You were given, as I understand it, a copy of the auditor's report as well, before December.

Ms. Short: Yes.

The Chair: Now, when you saw this particular remark with regard to the radiation levels with children, did your association take any action?

Ms. Short: Absolutely not. We were very pleased to be given the report several days in advance of its release so that we could look at it. We very clearly understood it was confidential. This is the first time, of course, that hospitals have been involved. Hopefully we'll learn from that, and if there are ways we want to do things better, we can do that, but—

The Chair: That's why I mention this.

Ms. Short: We certainly were under the impression that it was to be released on a particular date and it was confidential until then. So if the auditor or you wish to see things done differently, we can do that, but no, we didn't.

Mr. Sapsford: In fact, Mr. Chair, I think—I haven't made any comments today about it because I wish to take it up with the auditor. I think there are some learnings from this first audit of broader public sector institutions and ways that we might improve the overall process and the relationship between all the parties in the future. But I would intend to take that up directly with the auditor and start to talk about next year and the year after that.

The Chair: Any further questions from the committee?

Thank you very much for coming on such short notice, and thank you, Deputy, for the update, in particular with regard to where you stand on each of the recommendations.

The committee continued in closed session at 1152.







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Mr. Ray McLellan, research officer, Research and Information Services

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Official Report of Debates (Hansard)

Monday 12 February 2007

Standing committee on public accounts

2006 Annual Report, Auditor General: Ministry of Health and Long-Term Care

Chair: Norman W. Sterling

Clerk: Katch Koch

Assemblée législative de l'Ontario

Deuxième session, 38^e législature

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Monday 12 February 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Lundi 12 février 2007

The committee met at 0940 in committee room 1, following a closed session.

SUBCOMMITTEE REPORT

The Chair (Mr. Norman W. Sterling): Good morning, Deputy Minister of Health. Thank you for coming. Before you begin, we have just one very short item of business to take care of: Mr. Milloy wants to move a motion to adopt the report of the subcommittee on our committee business. Mr. Milloy.

Mr. John Milloy (Kitchener Centre): I'd like to move the subcommittee report. Based on our meeting on Tuesday, December 12, I'd like to move the following:

(1) That the selections for consideration by the committee from the 2006 Annual Report of the Auditor General be as follows:

Section 3.06: Hospitals—Management and use of diagnostic imaging equipment

Section 3.08: Ontario health insurance plan

Section 3.03: Community colleges—Acquisition of goods and services

Section 3.07: Hydro One Inc.—Acquisition of goods and services

Section 3.10: Ontario Realty Corp.—Real estate and accommodation services

(2) That the official opposition be allowed to provide a second selection to the committee at a later time.

- (3) That the committee request authorization from the House to sit up to three days during the winter adjournment to consider the 2006 Annual Report of the Auditor General.
- (4) That the committee begin each section with a closed-session briefing by the Auditor General and the research officer.
- (5) That the deputy minister and other appropriate staff of each ministry be asked to attend the committee following the closed session briefing to provide a response to the auditor's report and to answer any questions.
- (6) That the clerk of the committee, in consultation with the Chair, be authorized, prior to the adoption of the report of the subcommittee, to commence making any preliminary arrangements to facilitate the committee's proceedings.

The Chair: Any discussion? If not, is everyone in favour? Agreed. The motion passes.

2006 ANNUAL REPORT, AUDITOR GENERAL MINISTRY OF HEALTH AND LONG-TERM CARE

Consideration of section 3.08, Ontario health insurance plan.

The Chair: Thank you very much for your patience,

Mr. Sapsford.

Today the committee is going to review section 3.08 of the auditor's report, which was brought down in early December 2006. This particular section deals with the Ontario health insurance plan, and we are pleased today to have the Deputy Minister of Health, Ron Sapsford, with us.

Mr. Sapsford, you have some opening remarks, and I would ask you to proceed.

Mr. Ron Sapsford: Thank you, Mr. Chair. I'm very pleased to be here this morning. On behalf of the Ministry of Health and Long-Term Care, I want to thank the public accounts committee for providing me and my staff with this opportunity to address the 2006 Annual Report of the Auditor General relating to the Ontario health insurance plan.

I'm joined this morning, on my left, by Dawn Ogram, who is the assistant deputy minister of corporate and direct services, and, in a few moments, for questions of the committee, by Suzanne McGurn, who is the director of the provider services branch of the ministry, and Pauline Ryan, who is the director of registration and claims.

Let me state at the outset that the ministry fully supports and appreciates the work of the Auditor General in completing this audit. Overall, the ministry supports the recommendations of his report and recognizes their significance for the health care system and indeed for all Ontarians. Let me also state that I take seriously the ministry's accountability for the broader health system and want to assure the committee that we continually review our programs, services and processes to ensure that a cost-efficient and effective program is provided to Ontarians. I am extremely proud of the ministry's accomplishments to date since the auditor's review and since his report was made public last fall.

Today I will report to you specifically on our progress in five key areas identified by the auditor, and at the same time I intend to clarify some areas that may be interpreted in more than one fashion.

My focus today will be on the following:

- (1) Conversion of red and white health cards to the newer photo cards.
 - (2) The new mandate of the fraud programs branch.
- (3) Document authentication and registration processing.
 - (4) Protecting the privacy of personal information.

(5) Provider monitoring and control.

Let me start by discussing what the ministry is doing and has done about converting the older red and white health cards to the newer photo cards.

The auditor indicated that the Ministry of Health and Long-Term Care should expedite the conversion of the pre-1995 red and white OHIP cards to the current OHIP photo cards in order to properly verify the eligibility of these health card holders, and the ministry certainly agrees that the conversion of red and white cards is important. I am keenly aware of the ministry's responsibility to ensure that the integrity of the data on the registered persons database is maintained. The registered persons database is the ministry database that contains the pertinent information for all eligible individuals in Ontario who have been registered for an OHIP card. It is critical to the functioning of a number of key programs that deliver health services, drug benefits and other programs. To that end, the ministry has worked to continue to reduce the number of red and white cards, using existing space and resource capacity.

In August 2004, the ministry initiated a data integrity project in order to reduce the number of health cards on the database for clients who appeared to no longer live in the province. In June 2006, the ministry cancelled eligibility for over 192,000 red and white cards where there were no claims against that card for the previous seven years and where the client did not respond to numerous requests to attend an OHIP office to convert to a photo health card. An additional 95,000 cards were cancelled in the current fiscal year, past June, for a total of 287,000 cards cancelled as of December 31, 2006.

To support this initiative, the ministry implemented a technology change in June 2006 to further automate the process of mailing notices to clients. This system change has allowed the ministry to contact and process a far greater number of clients in a short time frame. Specifically, the ministry was able to increase the number of notices sent to clients from a few hundred to 10,000 every week. This is an ongoing monitoring process for red and white cards, and the ministry continues to send notices to clients and will continue to cancel cards for ineligible cardholders. On average, the ministry converts 400,000 red and white cards to photo cards each year. As of January 1, 2007, there were 7.45 million photo cards and 5.11 million red and white cards in the province.

I agree with the auditor that converting red and white cards to the more secure photo cards faster is a desirable goal. However, we need to consider a number of factors in increasing the conversion rate, such as the costs associated with increasing staff to manage the interviews with clients; space or facilities to house this increased business

volume; and the actual costs associated with producing the photo card. The ministry must weigh these increased costs against the opportunities that the associated funding would provide to support health services in the province. 0950

We are currently reviewing the options for changing the business process related to the existing photo cards, with the objective of absorbing some of the costs involved in the conversion of the red and white cards to photo cards. This would enable the ministry to complete the re-registration of all 5.1 million remaining red and white cards within a shorter time frame.

I should point out that the ministry also has other data integrity controls and processes in place that cancel red and white cards on an ongoing basis. For example, we have automated system feeds with the Ontario Registrar General that automatically cancel the cards of deceased persons when this data is sent to the ministry. As well, the ministry has an information exchange with other provincial Ministries of Health to enable the cancelling of cards for clients who have permanently moved out of the province and register for a health card in another province.

Related to the conversion of red and white cards is the matter of the extra cards in circulation. The auditor's report found that the ministry's database contains 300,000 more health card holders than the estimate by Statistics Canada of Ontario's population. This anomaly had already been noted by the ministry, which led to the 1994 data integrity project that I mentioned earlier. In fact, prior to the start of the auditor's review, the ministry had already begun the process of reviewing red and white cards that had had no claims for seven years and mailing notices to these cardholders. By the time the auditor's report was released, the ministry had already cancelled most of the additional health cards noted in the report, and it will have determined the status of the remaining cards and cancelled those that are ineligible by the end of this month.

The auditor was particularly concerned about the number of cardholders in border communities as compared with Statistics Canada's population figures for those communities. The ministry is aware that there is always some risk that some clients who register for a health card in a border community may not make Ontario their permanent and principal home. As a matter of standard practice, the ministry requires all clients to present documents to confirm their Canadian citizenship, their identity and the fact that their permanent and principal home is in Ontario when they register for a photo health card. And we continue to actively convert red and white cards to photo health cards within our existing capacity to do so.

I'll talk now about the fraud programming.

The auditor's report identified the need to enhance the ministry's activities in the area of health card monitoring in order to reduce the potential for fraud. It is difficult to estimate how much fraud costs the health system. Fraud is a hidden crime and, until detected, any attempts to quantify the losses are guesses at best.

As the steward of the health system, the ministry is keenly aware of the importance of protecting the integrity of the system and safeguarding taxpayers' funds against fraud. I am pleased to inform you that the ministry is expanding the mandate of the fraud programs branch in order to ensure a more comprehensive approach to fraud detection, prevention and loss reduction.

The fraud programs branch will be the centralized area within the ministry that will coordinate all fraud-related activities. All suspected cases of fraud against ministry resources will be referred to the branch for review and evaluation before being sent onward to the Ontario Provincial Police health fraud investigation unit. In addition, the branch will analyze the ministry's claims payment systems in order to proactively detect any possible fraudulent activity. The branch will also have the capability to analyze patterns of activity that may point to an area of concern. This is a significant step forward in the ministry's efforts to protect the public purse and the integrity of the health system as a whole.

In addition to the foregoing activities, as of January 1, 2007, the ministry closed 1,900 of the 7,000 backlogged OHIP eligibility assessment cases that were noted by the auditor in his report.

The ministry continues to dedicate resources to complete these assessments and is reviewing longer-term business improvements, including automation. It is important to note that some of the files that the auditor considered to be part of the backlog are in fact files in process. Given the nature of client eligibility assessment, the ministry will always have approximately 1,300 of these files in process in any given year. The current backlog of cases is now estimated to be 3,800.

Document authentication and registration is the next area of the auditor's report, and the ministry agrees with the Auditor General's recommendations around the authentication of documentation, in particular citizenship documents presented by clients.

I'm pleased to report that the ministry is reviewing options to further automate the authentication of citizenship documents to ensure that ineligible individuals do not receive health cards. For example, the ministry is currently negotiating with Citizenship and Immigration Canada to enable the ministry to authenticate using the Canadian citizenship card. If an additional data exchange agreement can be completed with CIC, system changes would allow the ministry to authenticate using this card.

The ministry has also held initial discussions with the Canadian passport office and both parties have committed to begin work to enable the ministry to electronically authenticate using Canadian passports. Both parties have included this work in their 2007-08 fiscal business plans and the Ministry of Health and Long-Term Care has assigned resources to this important task.

As a first step, the passport office will be sharing information with the ministry on lost and stolen passports. This will go a long way to help us identify potential cases of fraudulent applications for health cards.

Currently, the ministry authenticates the citizenship documents for 64% of all photo card holders. With the

additional ability to authenticate Canadian citizenship cards and Canadian passports, the ministry will be able to authenticate the citizenship documents for 84% of all photo card holders.

Furthermore, the ministry will be contracting with a security expert to review its health card application and registration process. The review will make recommendations on mitigating the risks for fraudulent activity by referring to industry best practices and internal control measures implemented by other government agencies.

Privacy and protection of personal health information is the next section. Again, the ministry agrees that it is important to protect confidential personal health records from unauthorized access and data tampering. To that end, the ministry initiated a project in July 2006 to review its access control policies and procedures and to make recommendations for improving the security requirements that govern staff access to ministry corporate systems. By March of this year the project will have developed recommendations for improvements and for any emerging requirements to align with the auditor's recommendations and the security requirements under the legislative framework of the Personal Health Information Protection Act.

As I indicated earlier, the ministry is also contracting with a security expert to review its health card application and registration process. It will include a review of related ministry systems. The ministry will consider the advice and recommendations in the reports from these reviews and take appropriate action.

Let me emphasize that highly sensitive OHIP data, such as that relating to registration and medical claims, is stored in databases on the mainframe computer system in a highly secured data centre. The mainframe has specialized and tightly controlled access control mechanisms, with access granted only to staff who need access to the particular data or applications to fulfill the requirements of their jobs. The mainframe is not directly accessible to the Internet in order to prevent unauthorized access.

Information in transit to the ministry is sent on secure networks, like the Smart Systems for Health network, which provides encryption services to make the data stream unintelligible. The data streams themselves are a series of codes, such as health number, billing codes, dates, and so forth, that are utterly meaningless to most people.

Threat-risk assessments, privacy impact assessments, security tests, constant monitoring and audits have been undertaken to continually provide the assurance that the ministry is protecting this information on behalf of the public.

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Finally, let me turn to the ministry's activities in the area of monitoring and controlling health care provider activities. I'm pleased to say that good progress has been made in responding to the recommendation to implement an effective audit process as soon as possible. The ministry has proceeded with the next steps to support implementing a revised physician audit process. Changes

required for the revised audit process were included with the Health System Improvements Act, introduced by the government on December 12, 2006. If this legislation is enacted, the new medical audit system would have four phases: education, payment review, review by a new board and an appeal process. The process would emphasize educating and assisting physicians about correct billing and providing additional opportunities for them to respond to ministry concerns about their billings.

Education activities are already under way—for example, one-on-one education on accurate claims sub-missions for physicians, and continuation of ongoing ministry and Ontario Medical Association education about correct OHIP billing procedures through OHIP bulletins to physicians, interpretive bulletins published in the Ontario Medical Review, seminars, and other physician education programs.

In terms of ensuring that payments for services rendered are only made to licensed providers, I would like to put in context the findings noted by the auditor with regard to physicians whose licences were identified as not valid, yet still able to bill OHIP. Of the 725 non-licensed physicians identified by the auditor, only 40 had submitted any claims for services dated after their licence ended. The total amount paid to these physicians was approximately \$81,000. All of the circumstances have been assessed as administrative errors and not fraud.

In terms of payments to deceased physicians, claims were submitted and paid to three physicians who, according to college records, were deceased. The total value of these claims was \$514. In two of the cases, the claims were within days of the death and were assessed to be errors made on recording the date of service to the patient. The remaining case was also determined to be an error made in claims submission.

Finally, with regard to the case of the physician who violated the terms and conditions of his licence and was paid for services to 300 patients, the College of Physicians and Surgeons of Ontario notified the physician in January 2003 that his licence was being revoked retroactively to May 1, 2002. In the interim, the physician had provided services to patients in June 2002 and billed OHIP approximately \$8,000. When the payment to this physician was made, the physician had a valid CPSO licence and was active to bill OHIP.

The ministry does recognize and appreciate the auditor's findings with regard to ensuring that only eligible physicians are able to bill OHIP, and as noted in our response to the report, the ministry completed discussions with the College of Physicians and Surgeons of Ontario to provide an enhanced data feed, which started in early September 2006. The data feed from the college will now include all categories of physicians who are inactive. Further, the ministry updated the licensing information for physicians identified by the auditor in July 2006.

With regard to practitioners who bill OHIP, the ministry is currently working with the practitioner regulatory colleges to create a data baseline containing a full listing of licensed practitioners in order to facilitate electronic data feeds from these colleges in the future. In the interim, the ministry continues to keep current the practitioner information through regular communication with the colleges.

I hope that the foregoing has demonstrated some of the many significant ways in which the ministry's activities align with the recommendations of the Auditor General's report, and I hope I have done justice to how the ministry is currently managing these areas and how it intends to work even harder in the future. The ministry is committed to ensuring that Ontario's health care system will continue to provide the best possible care for all Ontarians and that it is managed as cost-effectively and efficiently as possible.

The ministry is grateful for the Auditor General's report. It makes an important contribution to providing the necessary analysis and feedback which are important to maintaining the high standards to which we all aspire.

Continuous improvement is the key to achieving excellence in all our endeavours, and constant re-examination is the means to that improvement. The Auditor General's report is indeed an invaluable report card that tells us how and in what areas we can improve Ontario's health care system.

The Chair: Thank you very much, Mr. Sapsford. We appreciate your attendance here. We have some questions from Ms. Martel to begin with.

Ms. Shelley Martel (Nickel Belt): Thank you, Deputy, for being here. Thank you to the staff who are here, as well, for the information that was sent to us in terms of the updates from January 29.

I wanted to start with the conversion process. The auditor encouraged expediting, but I'm curious about even the ministry's current conversion. You've said that you convert about 400,000 red and white cards to photo cards each year; the auditor pointed out that that is about half of the conversions that were going on in 1998. I'm wondering why there has been a decline in the number of conversions. Is that a function of fewer staff?

Mr. Sapsford: Mr. Chair, with your permission, I'll call one of my staff forward for the details.

The Chair: Sure. Could you introduce them as they come to the table, please?

Ms. Pauline Ryan: I'm Pauline Ryan. I'm the director of the registration and claims branch.

Thank you for the question. In 1998, the reason why we were doing a lot more conversions at that point in time was because the ministry had linked the photo health card conversion to the primary care rollout. So where we were opening and rostering patients to primary care physicians in particular areas of the province that were starting up—this was at the very beginning of the primary care piece—we were re-registering people for photo health cards as they rostered with their family physician. What we found in doing that was that we ended up with pockets of the province that had all re-registered for a photo health card and other areas where we had done almost no re-registration for a photo health

card, and we determined that it was because, once you get into the process of getting a photo health card, there's a renewal cycle that is included. For example, we did heavy re-registration in the Hamilton area, and five years later we got a very big push of people coming back into the office to renew their photo health card. That puts a strain on our service delivery network. So what we've done is we've evened out the conversion of the cards across the province so that we don't get that kind of push in one area. Now the conversion is happening evenly across the province. We have completed some areas of the province where there are smaller populations. That's the reasoning behind the change from 1998.

Ms. Martel: I can understand that you had people rostering because of the change to primary care, but there were supposed to have been any number of new family health teams up and running since 1998 as well, where people would have to have been rostered. So why aren't we seeing the same kind of numbers in terms of those rosterings? Is it because they're falling farther behind in terms of opening or because you're trying to manage both the re-registration and a new rostering at the same time?

Ms. Ryan: It's to do with the managing of it across the province so that we're not ending up with service delivery failures. When we started out with primary care, there were specific places in the province where primary care was more popular—and I'm going back to 1998, which you were referring to—like Chatham and Carp in eastern Ontario, where we went in and we did a specific re-registration, but what it ended up doing was creating pressures for us five years later when they were all trying to renew. So what we did was we stopped the requirement to get a photo health card being associated with rostering with a family physician for primary care. That was no longer a requirement.

Ms. Martel: I can see that, but wouldn't that make your life easier in terms of actually getting the conversion?

Ms. Ryan: If the rollout of primary care was done evenly across the province, it would; but because primary care grew at different rates in different places in the province, it made it more unmanageable.

Ms. Martel: There was a suggestion by the Chair earlier that maybe we should think about not doing the renewals and focus on the conversion; maybe you want to comment on that and what change that would make at the ministry if that's actually what you did. Are you considering that as an option in order to get the conversion going?

1010

Ms. Ryan: Yes, that is something that the ministry is looking at currently. Right now, our renewal rate is very big in our offices. We're looking at business re-engineering that would allow for mail-in renewals or renewals over the Internet, those types of things, that would clear the counter space and allow us to bring people in to actually re-register for a photo health card and go through the in-person service. That would then allow us to catch

up in terms of getting rid of more of the red and white cards.

Ms. Martel: In terms of the actual conversion. What's the cost of doing the conversion?

Ms. Ryan: It depends on how quickly we do the conversion. Right now, we're doing about 400,000 a year, and that's under our current capacity. That's going to take us a number of years to complete. Within our current capacity, we can probably increase that by 100,000 this year, and we're looking at ways in which to do that. We're also looking at some offsets that we can find within our budget that would allow us to do even more in 2008.

Ms. Martel: Can I get an estimate, though, of the actual cost? The reason I'm asking that is that one of the options you're looking at had to do with the renewal cycle absorbing some of the costs involved in the conversion. I wasn't clear what that meant. I have a red and white one. I've never been asked to do the photo card, so I don't even know if there's a fee attached to that and if you're trying to change the fee. How is it that you're going to, with a renewal change, deal with some of the cost of the conversion?

Ms. Ryan: There is no fee associated with getting a photo health card. I'd be happy to arrange an appointment for you wherever you'd like to go.

Ms. Martel: You have to do Sudbury. We have never been asked

Ms. Ryan: We've got a beautiful office in Sudbury. You can attend that and we'd be happy to re-register you, no problem.

If we were to try and do it immediately, like in a threeto five-year range, the cost is somewhere between \$110 million and \$130 million, which sounds like a great deal of money. The reason for that is—and I don't know how many people have been through the photo health card process—that it's a trusted registration process; it's an inperson process. You actually have to attend at one of our offices. We have 27 offices across the province and we have 180 outreach sites in which our staff visit smaller communities and towns you're probably familiar with. In that process, you actually have to show the documentation that I think the deputy referred to: proof of citizenship, proof of identity, proof of residency in Ontario. You get your photo captured and your signature captured for the card, so it's an interaction with an actual clerk at a counter.

In order to keep our wait times down, which now average around 20 minutes in our offices—some of our metro locations in the GTA are much longer than that. We have very big volumes in our Scarborough and Mississauga offices, so the wait times are a little longer there, but it's about 20 minutes on average. The transaction times are usually about six to eight minutes, depending on whether people have English as a first language and whether there are other issues that they have when they come forward to us.

That trusted registration process is really key to ensuring that only eligible individuals are getting the cards.

That's a process that the ministry feels strongly they want to continue, so if you have to convert another five million people to the photo health cards, you have to bring those people in in a gradual process and put them through that.

Ms. Martel: In your implementation status of January 29, it says, "The ministry is reviewing options for changing the renewal cycle for the existing photo cards with the objective of absorbing some of the costs involved in the conversion." So going from five to something longer,

is that what you're trying to meet?

Mr. Sapsford: We're looking at all possible ways of addressing the volume question. As Ms. Ryan has just said, we have a sizable number of people we have to bring in. Perhaps that could be balanced by lengthening the life of the card so that the re-registrations could be reduced for a period of time so we could focus on conversion. There is consequence to that, however. We're trying now to keep our cycles consistent with the driver's licence, for instance, because we're working in partnership with the Ministry of Transportation on card production and so forth. We've looked at options of taking the address off the card so that we can simplify the reissuing of photo cards as people move. So we're looking at all these options to see if we can't find a better way of streamlining the process to divert or reallocate those resources to re-registering the red and white cards. We're looking at all those options now and trying to come to the best conclusion.

Ms. Martel: When you talk about MTO, the auditor noted they had a major conversion of drivers' licences to photo ID. Was there significant new funding added? Is that what happened that makes it different from the position you're in?

Ms. Ryan: When they did that, they already had an expiry date. You'll notice the red and white cards don't have an expiry date on them. The driver's licence cards had an expiry date that required everybody to actually come in and do that conversion.

Ms. Martel: But they would still have had a huge volume of people also coming in, which is—

Ms. Ryan: They also have a larger network in terms of their—

Ms. Martel: More staff.

Ms. Ryan: More staff; they have their private issuers network across the province.

Ms. Martel: Okay. The auditor also talked about 25% of the mailings to red and white cardholders returned as undeliverable. Then the auditor applied that on a bigger scale and suggested about 1.4 million cardholders' information in terms of address would be out of date. I know you've increased your project to get more stuff out the door and there was a technology change, but I wasn't quite clear if what you were doing in June was also dealing with the auditor pointing out that you could have the wrong address for that many people. Is that being caught?

Ms. Ryan: There are probably two ways to answer that. One is that the ministry is really putting an emphasis on asking people to keep their address current with the

Ministry of Health. It's on our website, it's on every envelope we send out to people when they receive a card or they get a notice from us reminding them that they need to advise us of any address changes so that we can improve our currency on addresses on the database. In the recent health services improvement bill that's before the House there is actually a requirement in there for people to report their address change to the ministry so that we can keep that current.

Ms. Martel: Am I okay for a few more minutes?

The Chair: Sure.

Ms. Martel: I wanted to go to the numbers that you gave us with respect to checking the information and having a cancellation of the extra cards. You gave us information that suggested that as of June 2006, some 194,000 extra cards had been eliminated—"cancelled," I think, is the better word—and then you gave us an idea of when the rest would be dealt with. The question that I have is, are they cancelled on the basis that you know that someone has either moved out of province, you know that they have died, or is it that, if you don't get any response back, you just cancel at that point? The dilemma you're dealing with is that someone has moved and is going to go back and register somewhere else. Out of what you're getting back, can you make those determinations between who is really eligible and not eligible and who has just moved or hasn't used their health card in some time and has moved and is going to come back into the system?

Ms. Ryan: That project started in 2004, and it was indeed looking at cards where there had been no claims in seven years. You have individuals where there's no activity on the card in seven years, so you're talking about people who are either really healthy or they're not there. Our job, then, is to find out if you are still at the address you've given us, which we have on the system for you. We actually send out two notices to individuals and it's done over a period of time, so this is an ongoing project.

We capture all of the health numbers that have no activity for seven years off the claims system. They go into a special area, we start pulling them off 10,000 at a time per week, and we send out notices. We give them a time frame to get back to us. We send them a second notice. We give them time after the second notice to notify us. Since we've been doing this project, 17,000 people have notified us that they are indeed in the province and have come in and gotten a photo health card, but that's a 4% response rate.

If we don't hear from them, we cancel the card. If they do turn up seeking health services after that, all they need to do is come into a ministry office and show that they are eligible for OHIP and we will backdate their coverage and reimburse them for any health services they may have had.

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Ms. Martel: You counted some of those in terms of the 300,000 that the auditor said was over and above the population, so what I was trying to sort out is, is that

really an accurate reflection? You've got, on one hand, the auditor noting 300,000 more cards in circulation than population, and you've got a project going on where you actually mailed out to 394,000 and got so much information back in terms of what is listed for us. How do we know what problem has been fixed? Do you understand what I'm getting at?

Mr. Sapsford: The gap in the population estimate to the registered cards—I mean, we know how many registered cards there are. The Statistics Canada estimate can either be above or below. It's based on a census from 2001, I believe, so we use it as an indicator of relative growth in the population. The new census data, I believe, is out this year, so we'll have another opportunity to compare the total number of cards against a more accurate census.

I guess what I would say is that we generally capture growth in the population, either through immigration or birth, through the new photo card process. We're still only focused on the red and white cards, which have been in circulation for a long period of time, and presumably 99% are legitimate citizens of Ontario such as yourself with a red and white card. We look at the red and white cards as a declining base, and increases in population or new residents coming into Ontario are captured in the new photo health card registration system.

I agree with you. It's difficult to tell, and we're simply using the population census as a benchmark against which we're comparing total cards.

Ms. Martel: So more work would have to be done to actually make a determination of eligibility versus ineligibility.

Mr. Sapsford: Yes, and that eligibility test is where we're focused, to ensure that the eligibility tests are more effective, streamlined, automated, and so the work we're doing with the passport office and Citizenship Canada around authentication is, from our point of view, the more important process. The actual total number of cards is controlled through that new registration, and then the conversion of red and white into that system.

Ms. Martel: Okay. I'll stop there, Chair.

The Chair: Mr. Hardeman.

Mr. Ernie Hardeman (Oxford): Thank you very much for the presentation. Just quickly, in your opening you thanked us for the opportunity to be here. I was wondering, is that an accurate description of your attendance here? Or am I to take that with a grain of salt?

Mr. Sapsford: I always view these requests to attend as opportunities to provide the committee with information.

Mr. Hardeman: I would say that I appreciate that, because there does seem to be a lot of good information to present here that would make it look like you are doing a lot of the things that need to be done to address the auditor's concerns. So I appreciate that.

I wanted to first of all go to the red and white card conversions, somewhat on the same line as Ms. Martel was talking about. First of all, it would seem to me that if we have a problem with more cards than we have people,

and we have two systems—one that clearly identifies that the person holding the card is the person eligible for the service, and we have the other half of the cards that are not identifiable at all—we would spend less time worrying about the renewal date on the green and white cards and more time getting more of those green and white cards in the system. As you were looking at speeding up the process, it would seem to me almost automatic that we would look at—why don't we just say that everybody whose card is due this year gets an extra five years, without question, and get all the red and white cards out of the system?

Mr. Sapsford: In fact, those are the kinds of options that we've been looking at. Deferring for five years has some downsides to it in terms of going 10 years instead of five, but we've looked at maybe not 10 but six or seven years and taking that excess and putting it to the red cards. So these are the very options that we've been looking at.

The longer you leave the card, of course, the more likely addresses are not current. We found the other day in discussion that practitioners rely on the address in terms of verification for their own clinical records, so to defer the renewal portion of it comes at some cost as well to accuracy in the health system. But, Mr. Hardeman, these are the very options that we're currently looking at to see if we can't speed the conversion.

Mr. Hardeman: The other thing, on the total numbers—and again, Ms. Martel kind of asked that question too. If the numbers of cards that are in existence are primarily based on fraudulent cards issued, that they were issued to names of people who didn't exist and so forth, when you notified them as to the problem—they haven't used their card in seven years, and we're going to make the assumption they are never going to use it because that person doesn't exist; it's a card with no patient—wouldn't it mean that every one of those should not respond? The people who do respond are not part of that 300,000. Is that right?

Mr. Sapsford: No. The actual 300,000 was the cancelled. That includes the red and whites.

Ms. Ryan: That only works if you assume that all 300,000 are fraudulent cards. What we're finding when we are doing this project and sending out notices is that people don't advise us that they died out of province or out of country. That's what we're finding. The system works so that if a person dies in Ontario, we get notified one of three ways. Either the family notifies us and sends the health card back to us directly, the Ontario Registrar General gives us a feed of the deaths in the province and we make sure that those health cards are cancelled, or, thirdly, for physicians who pronounce a person dead in Ontario, that's a code that comes in on the medical claims payment system, and then three days after that pronouncement of death is received, that card is cancelled. So we have a way to know when people have died within the province.

We also have a method of knowing when people leave the province to live in another province. We have feeds with all of the other provinces and we keep track of who is moving from province to province so that we know who is covering those individuals for health care. They do get three months of health care from Ontario if they move to another province, and vice versa, but after that they become part of the other province's system, so they are paying premiums in some provinces and they are not in others. But we have that system, so we know when you've moved out and we can actually end your coverage, end your card, when you've moved out of the province. Either you tell us that you have or we capture it because of an information feed that we get.

The pieces that we don't have are when people move out of the country and don't tell us or they die out of country or out of province and we're not notified. With a lot of the cards that we're finding, that's the circumstance.

Mr. Hardeman: Thank you. I guess my concern is, I think this is a great exercise we're on here and, as the auditor pointed out, it's necessary to have an accurate database so there are no more cards than there are people. But from my perspective, that doesn't improve the quality of the system at all if all we're doing is removing cards that are ineligible. I'm more concerned about those cards that are going to people who aren't eligible for the service. Have you got any idea of whether that is prevalent, or is there any way of finding that, those people who have cards who are not eligible to have cards?

Mr. Sapsford: I'll let Ms. Ryan answer the details of that. You're talking now about the actual authentication, not so much the red and white piece. As we've said, we're trying to improve the authentication process so that people are who they say they are, that they have appropriate information to confirm their Canadian citizenship, and, thirdly, that they are permanent residents of Ontario. We require pieces of documentation to ensure that. This, as Ms. Ryan said, is a person-to-person engagement between the person wanting to gain access to a health card and the OHIP office. So we try as best we can to ensure that the person is correctly identified, that they do have citizenship and that they are resident. Those are the three major requirements for authentication in the province. I guess your question is: Can someone slip through that? Can someone show false documents? Can someone, although they may be Canadian, not be resident in the province and use false information? I suppose in any system there's the opportunity to do that. Our belief is that that's in a minority of cases, if it occurs.

The other point I would raise is that we currently have this review going on to ensure that we're using the best procedures possible to ensure that we are minimizing that kind of false identity or false information in the registration process.

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Mr. Hardeman: I guess my concern is that it doesn't matter how many cards we have out there that have no people; that will not negatively impact the system. It doesn't make the auditor very happy, because he says we've got all these cards we've got no people for, but not

one of those people—if it's a card for my canine, the canine is not going to utilize it. So it shouldn't be in the system, but it doesn't bother the system. What bothers the system is when my relatives come and visit—I have some people who live on the other side of the border who might very well like our health care system—and if they have a card and come and use it, that hurts our system. That's why I'm anxious to see the card process move forward faster. We may be doing a job of catching those people: When they're told their card has to be renewed, they can't get it renewed, because they can't come up with the proper documentation. But we still have five point some million cards out there that can still get away with that without any risk at all. We have a card, we go to the doctor, we get the service and we go home. Is there a need to look at that or is that, in your estimation, not a problem area?

Mr. Sapsford: Well, that moves into the question of fraud. I think the biggest single change we've made as a result of the report is expanding the role of our fraud programs group. Before this change, fraud was really handled on a case-by-case basis with referral to the Ontario Provincial Police, who would investigate and then proceed on their own. The ministry really didn't carry those cases. So with the auditor's report and some of the observations, we're actually changing the process that we use, having members of the ministry in the fraud programs branch actually begin to look at the database more intently to look for patterns of practice, to look for unusual occurrences in the billing system itself, both from the perspective of provider fraud as well as uninsured use of a card. We're hopeful that we can begin to do that kind of trend analysis to try to identify problems and then move quite aggressively, then, to address the problem. That's a major change in the business process that the ministry has used up to now, and it's too early to tell whether that will yield any results, but at least we're making the efforts to try to detect patterns of fraudulent use.

Mr. Hardeman: I'm a step ahead of Ms. Martel: I have a new card. Is there any process in place that requires or that would have a physician ask for further identification, other than the health card, to provide health services? Again, if I have a red and white card with just a name, it could belong to anyone. Is there any way I have to identify who I am besides the health card?

Ms. Ryan: Physicians do have the ability to know that the card you're submitting is a valid card. So you're submitting it saying that you are Ernie and you're here to access health services. The doctor then uses that number to bill OHIP for the service. There's a validation system that the ministry operates that allows him to swipe the card in his office and know that your card is a valid card.

You're asking about how do I know—the red and white cards, when they were sent out in 1990, were based on the elimination of premiums that was done the year before. So the cards were issued, and the ministry at the time felt that they were issued fairly securely because everyone had a family OHIP number that they were

attached to at that time for premium purposes and they were now sending out cards to people based on that OHIP number. So when the cards were issued in 1990, it wasn't as if we felt that they were going all over the place. There was a method as to how they were issued at the time. A lot of time has passed since then, and generally speaking, we still have those validation processes that are available for physicians that are going to show the validity of the card.

I didn't talk about this before, but I do want to point out that in terms of fraud and people here from other provinces or other countries accessing the system using somebody else's card, we do have a fraud line that takes calls from the public, from emergency rooms. We get calls from doctors indicating that they think somebody is fraudulently using the system. We investigate all those cases. We do follow up on a lot of that. We have done, in the past, some pattern work, but that's really going to improve once we move to this new mandate for the fraud programs branch, where they can have a much more comprehensive look at the databases and see where the patterns are in that and identify risk.

Mr. Hardeman: Say my brother visits from the states, and I have a red and white card, and he gets ill here—he's not eligible for free health care—and he takes my card and goes to the doctor. There is nothing in the system that would catch that going through, that that was an inappropriate billing?

Ms. Ryan: Unless the doctor raises it himself—and that's what we do get. We get a lot of calls from Windsor emergency rooms telling us that they've got people there. We call that third party use of the card: Somebody is using somebody else's card. They suspect that, and then we do the investigation. If we find that it starts to look like it is a fraud piece, it will then get passed over to the fraud programs branch and then to the OPP, who will investigate for criminal purposes.

Mr. Hardeman: I guess it all leads to the final question on that issue, and that was mentioned in the report on page 6. In order to deal with this, we have to do costbenefit analysis. We only have so much capacity to get to the new card; we can only do so much in space and in resources. So we really need to do a cost-benefit analysis of what we're doing based on where we want to go and how important it is to get there. If we don't have any idea of how much of the health care system is being used fraudulently because of not yet having the cards changed, how do we know how much resources should be spent to get them changed quicker?

Mr. Sapsford: Well, it's partly based on the frequency with which we have cases reported, as has just been said. If we have a huge increase in the number of suspected frauds reported from hospitals or physicians, then the follow-up by the OPP—many of them have explanations; the number of actual cases of fraud that have been prosecuted is relatively small. All of the indicators that we have at the end of it would suggest that, at least at this point, it's not a huge problem, although, I grant you, we don't know for certain. But all of the

indicators we do have would suggest that it isn't a large problem. As we have this new fraud group looking at patterns and trying to identify them, we may get a better sense of that.

The cost-benefit, the fraud end of the benefit of moving faster, is a difficult thing to asses; I agree with you. The problem with re-registration on a massive scale when we're in a circular renewal is that we have to pay very close attention to how we stage the implementation. We can't have a system where in year one, because of the way we've implemented registration, we have one million people who need to be re-registered, then the next year six million, then the next year two million, and then up and down. Part of the real business process problem we're trying to solve is: How do we move the five million over into photo registry and still have a reasonable way of managing the ongoing application? That's really where we're trying to look at options to move as quickly as we can.

Mr. Hardeman: If I could just quickly—this is a typographical error, I'm sure, but in the presentation on page 5, "95,000 cards were cancelled in the current fiscal year for a total of 287,000 cards cancelled since"—

Mr. Sapsford: "As of."

Mr. Hardeman: Prior to?

Mr. Sapsford: As of that date, yes. Mr. Hardeman: "As of," not "since."

Mr. Sapsford: Correct.

Mr. Sapsford: That would be a lot of cancellations in a month and a half.

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The Chair: There's a few minutes left on your party's—I think Mr. Yakabuski had a short question.

Mr. John Yakabuski (Renfrew-Nipissing-Pembroke): Yes, I do. You were talking about the conversion of the red and white cards. I hold one of those, so I'm not in any rush to convert it, I can tell you. But a lot of people in my riding also have red and white cards and they're not in any rush to convert them, and I'll tell you why. People in my riding might have to drive as far as 80 miles to get a new OHIP card. This issue has been around for some time and we hear, "Well, it's the Ministry of Transportation," "No, it's the Ministry of Health," and everybody is passing the buck. But I do wonder how many people in Toronto, Ottawa or London would tolerate having to drive up to 80 miles to get a new OHIP card. That's what people actually have to do in parts of my riding; for example, in Whitney. The issue of being able to issue cards at licence bureaus has been out there. It would be hard to believe that the technology isn't there. I'm told by the licence bureau operators that the technology is there.

As a rural member, I would like to know what the reason or the problem is so that we as rural residents can get some semblance of similar service, because everybody who is an adult has to have an OHIP card. You only have to have a driver's licence if you choose to drive, which is, I guess, most of us. But at the same time, if you're an adult, you have to have an OHIP card. I've got seniors, for example, having to drive 80 miles to get a

new OHIP card. Why are they in no hurry to see this red and white card go? It's because they know they're going to be faced with driving 80 miles to get a new card.

Who is at fault? Which ministry is it? And are we going to do something to bring some real, genuine service to rural people on this issue?

Mr. Sapsford: Well, the Ministry of Health is responsible for issuing health insurance cards, so this would be the ministry that's responsible. We have a number of permanent counters where, as I've said, people do come for the registration or re-registration process. We also have an extensive outreach program where ministry staff actually go out to communities. It certainly doesn't hit every rural community in the province, but we're very mindful that people can't travel in all cases. So we have a van, I believe. We have people who fly out specifically to rural communities at scheduled times to actually do that registration process.

In future, we're looking at other options with respect to Service Ontario where the government is trying to integrate to the extent we can some of these registering processes.

But in the case of health insurance, as I've said, it's important that we have the appropriate documentation and validation of residency and so forth, whereas with the driver's licence, as an example of comparison, the same kind of detail is not required for the issue of a driver's licence. So to some extent the process of registration is directly dependent upon the use of the card or use of the government service and, because we want to assure ourselves that we don't have fraud and inappropriate use of cards, we need to keep that particular part of the process patent.

But we are looking at alternatives in terms of how we provide the service, and if you need more detail on which communities and how that is organized, I'll be happy to answer.

Mr. Yakabuski: Could that not be integrated in a licence-issuing centre? I'd like to believe that here in the province of Ontario we're concerned about fraudulent driver's licences as well. I know, having assisted people who are having problems getting a driver's licence because of change of residency from another country or another province, there are some significant issues that are at play and significant pieces of information and identification that are required to get a driver's licence. While we may talk about the difference, I don't think the difference is unbridgeable, so why is it not possible that the Ministry of Health—I think it would be cheaper to allow these people to issue health cards than having mobile fly-ins, or whatever you want to call it, to rural communities to allow them to get an OHIP card. And of course, if they're only coming on a once-in-a-while basis, if somebody can't make that particular day, they're not going to be able to make that appointment. We lead busy lives. There's no technological reason, I don't believe, and if we can get by some of those fraud issues, could we not integrate that in with the driver's licence issuing?

Ms. Ryan: That is something that we've been working on with the Ministry of Transportation over a number of years, and Service Ontario, which is the new arm providing government services. There are some privacy issues and linking databases and things that we need to get past, but, as you said, the technology for picture-taking and signatures for a driver's licence and a health card is the same technology. We have the same contract for the card production. It is integrated. We work very closely and have done since 1995 with the Ministry of Transportation in that process.

You talk about your particular area, and you were talking about the re-registration piece. I've been asked a few times, "Why can't you just get rid of all of those red and white cards?" It's for that very reason that you're talking about: There are places in the province that we know are more rural, where the demographic is an older demographic, where we have to think carefully about how we're going to complete that re-registration. Once we've got all of your residents re-registered in your area, we then have to think about how those cards are going to be renewed.

One of the things we are looking at right now is to introduce a mail-in process for people over the age of 80, so that people over the age of 80 don't actually have to come into an office to renew their card. We currently have a process in place that anyone who has any kind of medical problem and can't attend an office can get a photo-exempt card. Their physician just fills out the form and we will send them a renewal card automatically. We do have some of these pieces in place. For children under the age of 16 there is no office visit required. It's a mail-in process for anyone under the age of 16 who was born in Ontario. If you've already been through our process once when you were a newborn, you don't have to go through anything again until you're 16 and we have to capture your photo.

We are doing some very serious thinking about how to reach out to some of the more rural communities because we can, from our database, see in the province where the red and white cards are and what the demographic is in those areas. We are doing some careful thinking about how we would re-register those areas.

The Chair: Thank you very much. I think we should move on to the Liberal caucus. Just for a point of clarification, if somebody doesn't know where Whitney is, it's just west of Barry's Bay. Dr. Kular?

Mr. Kuldip Kular (Bramalea–Gore–Malton–Springdale): Thank you, Chair. I do have the photo card. As you remember, we were on a legislative committee to Scotland. That's when I lost my red and white card and I ended up with a photo card.

The Chair: I don't think "lost" is the right word.

Mr. Kular: As the deputy has said, there are about 5.1 million people who still have red and white cards. As I understand, the red and white card was started in 1990 by the Liberal government at that time. It was mass-mailed to people. In 1995, the NDP government introduced the photo ID card. The question I have is, was there adequate

funding to change from red and white cards to photo ID cards at that time?

Mr. Sapsford: I think different governments started different processes and we've come to a stop in some cases because technology changes. The red and white card was improved by the photo card and I think then a subsequent government decided to look at whether we should go to smart cards, where the actual stripe on the card would include more health information, so as people went from provider to provider they were carrying health information.

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Each time we've re-looked at it, there's been a new aspect of technology, and some governments have decided to move ahead and others have decided not to move ahead with these various technologies. As a result of that, we're currently in the position of having red and whites and photo cards and doing the best we can to convert from one to another.

It's taking a long time—in 1995 the conversion started—but that's partly because subsequent governments have taken a new look to re-evaluate whether this is the technology that we wanted to stay with. As it stands today in 2007, we're still working with the assumption that we're going to use the photo card as the basic registration vehicle and not more advanced smart card technology.

Mr. Kular: If we have 5.1 million people with red and white cards, what would happen if we called them all in over a period of one year and said, "Look, this is going to be attached to it"?

Ms. Ryan: It has been suggested to us-I think I mentioned it-that we bring everyone who has a red and white card in. We don't have a service delivery network that could sustain that. Our service delivery network right now sees 2.2 million visitors every year, so we handle 2.2 million clients at the counter. That's almost at capacity, so were we to bring in five million people on top of that in one year, we would have the problems that Mr. Yakabuski indicated in rural areas where people would have to travel. We would have something probably akin to what's happening in the passport office these days in terms of hundreds and hundreds of people wanting to get their cards converted or thinking they needed to get their cards converted immediately or they would risk not having access to health services, and they would swamp our offices.

What we really need to do, and this is what we've been doing, is look carefully at our capacity: How many offices do we have? How many counters do we have? How many staff do we have? How many people can we go through in a day? What's our capacity like in order to up the number of conversions from red and white to photo health cards? What we're looking at for this year is an increase of sending out an additional 100,000 notices on top of what we've been doing within our existing capacity—we think our existing capacity could probably handle that—to increase the number of cards that are

being converted from the red and white to the photo health card.

Mr. Kular: How long is it going to take if we're going with the present system? You said about 400,000 people would be converted from red cards to the photo cards. How long will it take for us to complete this, for 5.1 million people to change their cards?

Ms. Ryan: It would take more than 12 years to complete, if we stayed at our current state, but that's why we're looking at other options, increasing it for next year. In 2008 we're looking at another increase, and the increased costs will be offset by the program, to invite more people in. During the next two years we really have to look very carefully at opportunities to move some of that renewal work—this is the discussion we were having earlier—off of the front counter and put it into a mail-in process or onto the Internet so that you could renew your card on the Internet; do that kind of work over the next two years so that by 2009 we're in a better state in terms of we've got other options that are open and our counters are more available to do the actual conversion from red and white to photo health card.

Mr. Kular: Thank you.

Mrs. Liz Sandals (Guelph-Wellington): I'm interested in the area of what happens around actual fraud. I take it that you are changing the role of the fraud branch. It sounds to me like what you're proposing is that it will be more actively engaged in identifying fraud and looking at potential fraud. But the auditor's report mentions a specific case already that had to do with, I believe, a group of methadone clinics that were billing. One of those happens to be in my community, so it's actually become rather a local issue for me.

I guess my questions are—because I take it that this has perhaps been to court and fines levied and all that sort of thing, some partial payback. What happens now? Because there was a group of clinics that seem to have been identified as behaving in a manner that was unacceptable, at least from an OHIP billing point of view, so now what? It isn't just, "Did we find the fraud?" which is a good thing, but having found the fraud, what's the follow-up?

Mr. Sapsford: I'll ask Suzanne McGurn, who's in professional services, to answer. This is the group that would deal with the whole question of physician billings and provider relationships.

Ms. Suzanne McGurn: I apologize for my voice.

Mrs. Sandals: It's okay; I'm having the same thing. Mine's better, but I know your problem.

Ms. McGurn: What I'd first like to do is draw a distinction between the previous MRC process and the new physician audit processes that are looking at regulatory approaches to resolving what might be inappropriate billing. That is separate and distinct from circumstances where fraud may be suspected. In circumstances were fraud is suspected, Ms. Ryan has already spoken to the circumstance of how that will be handled in the future. In the past it was a similar process, but without the intermediary strengthened fraud programs branch. So in those

circumstances, a referral would be made to a police area. The police would go through their investigation and, where required, seek the support of the program area to gather information. So with regard to the specific circumstance that you have spoken about, in October the corporation was charged with being a party to an offence, and they did make a repayment under that offence to the Ministry of Finance.

With regard to circumstances where the billing concerns may be inappropriate in nature, as was mentioned, a new physician payment audit process was introduced in the proposed legislation in December. Through that process, physicians would be going through a process of being educated, a process of discussion with the ministry to correct their billing, make those changes, and if that continues to be unresolved, go to the new physician audit board that would be established under the legislation.

Specifically with regard to the lab code billing concern that was identified, the ministry has been continuing to monitor the billing and, in fact, we have a joint committee that is working with OMA, provider services branches and lab program branches to bring forward changes to the lab and physician schedule of benefits that will make clarifications on a go-forward basis to improve the ability of physicians to bill appropriately for those services.

Mrs. Sandals: I find it interesting in some ways that you didn't mention the college, because I guess one of my concerns would be, where there seems to be inappropriate behaviour, this isn't about physician education and somebody inadvertently billing something not quite the way the codes expect, but where there's inappropriate behaviour to the point where somebody's actually been charged. I'm surprised that that doesn't trigger some sort of interaction with the college. I guess the question in part is, would the college then accept a complaint or communication from the ministry saying, "Hey, we have identified some inappropriate behaviour; the courts have confirmed this"? How does that communication work in terms of communicating with the college with respect to discipline on the professional behaviour?

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Mr. Sapsford: I think one of the few times when we do that formal communication is where there are issues of patient safety, certainly. So if there is something we discover during the billing process that would indicate there's some concern about patient safety, the college is independent of the ministry, so they administer their own legislation and it would be the professional misconduct requirements under the independent health professions legislation that the college would look at. Certainly, they will respond to complaints, either from patients or from—

Mrs. Sandals: And in this particular case, I happen to know that individuals in the community attempted to bring forward a third party complaint and were told that you couldn't do that.

Mr. Sapsford: Third party.

Mrs. Sandals: Yes. I mean, given that the actual patients here are, by definition, people who are not inclined to go and complain about their provider of methadone, we seem to be in an interesting circle of, how does one follow up.

Mr. Sapsford: Particularly where fraud charges have been laid and convictions issued, the college would respond clearly to that kind of evidence put before them. I think the difficulty they have is, is there proof of misconduct, and without some kind of completed proceeding in another administrative jurisdiction, it's very difficult for them to do that independently of a patient's complaint, where they're generally looking at complaints about care and treatment, as opposed to behaviour around billings and things like that. But it is an area of continuing discussion between the ministry and the college. Certainly, as our skills improve at identifying behaviours that are beyond acceptable, we'll continue that discussion.

Mrs. Sandals: It seems to me that that's something that would be—and I realize that it's really outside the auditor, who has been looking at, obviously, is money being appropriately spent? Where does the interconnection between the money and the practice cross, which is a little bit outside of the auditor's area of interest, but an interesting public policy question.

The Chair: Mr. Patten?

Mr. Richard Patten (Ottawa Centre): I have a new card and I'm pleased that you allow us to at least smile when we take our picture, because any of you who have applied for a new passport might have experienced that you're not allowed to smile anymore and therefore it's a less pleasing picture.

I have a couple of questions that kind of interrelate. I don't know whose language this is, whether it's a carry-over or what: We refer to our citizens, the people of Ontario, as clients. We're not really a business; we provide a public health service. So I'm just curious as to why that label is used, number one.

Secondly, in contact with some private businesses who are in the security field, I had some estimates that were rather different and made the auditor's estimates look rather conservative—small-c, of course, Mr. Yakabuski. I see here that you are engaging a security expert to help review the application and registration process etc., and what that person would do: Is that a company, is that an individual, is it somebody from the police or is it somebody from the private sector? What would that function help with?

Then my longer question is, we hear rumours all the time, of course, that you're working with transportation on a new system, because you're saying that the basic database and security dimensions are similar. I'd be interested in whether—and I gather that decision has not been made yet, but there's some exploration of it. But I hear that there's some discussion that this is going to a big American firm because our Canadian companies aren't apparently big enough—although some are.

Anyway, I'll leave that first one. Back to that security expert review: What does that really entail and where are you on that one?

Ms. Ryan: We've actually put out a request for services to consulting firms to come in and do a risk assessment on our front counter business and our registration process. The auditor has pointed out some vulnerabilities in our system, some of which we were aware of, some we weren't aware of. We want to confirm those and see if there is anything else we should be aware of and should be mitigating in terms of the way our system is designed.

I'll give you some examples. Our system won't allow you to register the same person twice. A duplicate message will come up on the system warning the clerk that this person is already registered on the system or this health number is already registered on the system or this birth certificate number is already on the system. So there are things within our computer system that mitigate the fraud piece. So we're looking to see where we should be improving things.

One of the things that the auditor pointed out that we're working on is the authentication of the documents. Right now, we only authenticate with the Ontario Registrar General and with Canadian immigration. While that covers about 64% of the people who come in for a photo health card, if we added Canadian passports and the Canadian citizenship card, we then have 84% of the documents being authenticated. We will probably never get to 100% because there are lots of people in the province who don't have regular documentation, so we are relying on secondary documentation from some folks. For example, the homeless are ones where we have a whole different set of rules.

Mr. Patten: So you haven't hired this person yet.

The other one is whether you are engaging any other estimates or analysis of especially the fraudulent cards in use. Some of the information I have is that the biggest fraudulent use is really in the border towns on the other side of the border, where it's quite a business, I've been told, and that someone who may just live in Malone and has a little cabin or a cottage or whatever does have a registry through the municipality and this kind of thing. They go to a doctor, they have a card, and they say—the one question that was asked before is, "What do they ask you?" They always say, "Well, are you at the same address?" So I say, "What's the address you have down for me?" Of course, it is my actual address, but I could say, "Yes, that is my actual address," which may have continued to be a fraudulent address in the past or one that I have access to but as a cottager, not as a resident, or these kinds of things.

My point in asking this is in expediting your service, when you say it's going to take 14 years and now that period has dropped, it seems to me there is a lot of potential in it, because the closer you get to 90% or 85%, the more assurance you have of having a grip on the problem and to an extent some of the lost—well, it's not

lost revenue, it's charges that are illegitimate, being used by the ministry.

I'm not sure if it's Alberta, but I think it is Alberta, where they have one card for your health card and your motor vehicle card. What's the pattern when you look at other jurisdictions? I remember years ago when we looked at the ultimate smart card where you had everything on it and it covered you for every possible service and identification, and it can be cross-referenced very easily. There were few ways that there could be abuse with it.

Mr. Sapsford: As far as other jurisdictions, I'm not aware, as I sit here, of exactly what goes on, but maybe Pauline—

Ms. Ryan: I'm not aware of one card covering multiple things in Alberta with respect to the health card. I know that they did have some problems with their health cards a few years ago and they did get an auditor's report that indicated people had six and seven Alberta health cards. Those health cards are issued in a completely different process than Ontario uses and it doesn't have—the stringent process that we use is not used out there, but I think they are making a lot of changes to the way they issue those cards now.

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Mr. Patten: Your security expert—is that for companies or just consulting firms? The reason why I ask that is there's a very large Ontario company that seems to be ignored by Ontario but is doing a hell of a lot of work in other jurisdictions, other provinces, the United States and Europe. Their perception of the problem is quite different, so I don't know why they're not consulted or talked to.

Ms. Ryan: When we put out these requests for services, we do it off the vendor of record for the Ontario government. That's the Ministry of Government Services approved list of consulting firms. I don't know whether they're on one of those lists or not, but that's the process.

Mr. Patten: I don't either. So they have to apply to be on that list, rather than just sort of being on it?

Ms. Ryan: Yes. Mr. Patten: Okay.

The Chair: Thank you very much, Mr. Patten. Ms. Martel?

Ms. Martel: I want to return to some issues that I didn't cover under the broader heading of "conversion." Just so I'm clear, about \$100 million to \$130 million to do the full conversion would be the ministry's estimate?

Ms. Ryan: That's in three to five years. It's the time frame that's important.

Ms. Martel: That was going to be my next question: what the time period is. To crank it up would be particularly expensive. If you carry on, what is the amount of money that's attached to the current, or even adding 100,000 a year?

Ms. Ryan: Do you mean in terms of what our allocation is?

Ms. Martel: If you're doing the current conversion, which is about 400,000, and if within the staff you have

now you can get that up another 100,000, what's the price tag attached to that on an annual basis?

Ms. Ryan: Usually, we use the rule of about \$20 a card. That includes the whole transaction with the clerk. That's roughly the estimate that the ministry uses.

Ms. Martel: Okay, great.

The auditor talked about the fact that there are some cardholders who are using their postal box address and that there had been a project under the former government, it looked like—it was 2003—and that had been cancelled—I'm not sure by who. In their work, about 32,000 individuals were using a postal box address. Is the ministry focusing on those folks? I mean, (a) by regulation, they shouldn't be, and (b) that may be where you're going to hit some of your problems around border communities, I would think. Is there a particular focus on that, it having now been identified by the auditor?

Ms. Ryan: Yes. The post office box ones are now being loaded into the data integrity project, which is the one that sends out the notices. They've been put into that process, so those cards will either be ended or people will have to come in and re-register. We rebuilt the client registration system, which is the computer system that we use to register people, in 2002. When we did that, we built the front end so that a postal box address like Mail Boxes Etc. couldn't be put into the resident address. There are still some around, and some of those will be captured under that. But there are still some there.

Now, there are legitimate post office box addresses for people, but usually that's accompanied by a residential address that says—I had one that said, "Lot 1, concession 3."

Ms. Martel: A rural mailbox.

Ms. Ryan: That's right; yes. We capture both of those now, but some of the ones you're talking about are the previous form, the red and whites. They're now put into that new process.

Ms. Martel: So they will all be picked up.

My second question had to do with the auditor identifying a high occurrence of claims in a short period of time in different parts of the province. I'm not sure how he pulled that out, but I'm wondering if the ministry is now pulling that out to look specifically at that possibility, which may indicate fraudulent use of cards?

Ms. Ryan: And it may. Those kinds of patterns are something that the fraud programs branch will be looking at in terms of their new mandate.

There are explanations for people having services in different parts of the province. One is, college and university students typically are getting services far away from home because they're at school far away from home. Anyone who does any business where they travel a lot is sometimes incurring claims around the province. If you're a truck driver who drives from Windsor to Cornwall, you may be picking up claims here and there. People who are seeing specialists in different areas of the province may be incurring claims in different places; their family physician may be in one spot and their specialist in another. There are some reasons.

I think when we looked at some of the data, we could see why people were using the resources that they were using. But that's not to say that there wouldn't be some potential for fraud out there. That's something that the fraud program branch would be focused on.

Ms. Martel: I wanted to ask some questions about the fraud program branch because it wasn't clear to me, and maybe I just missed it, what the major differences are going to be. It looked like you had a unit that didn't have a whole lot of capacity to investigate fraud if they couldn't access health information and that wasn't part of their mandate. The auditor identified a couple of things in that regard in terms of concerns that the ministry didn't seem to have documented standards or procedures to determine which cases to refer to the OPP. I would be interested to know, if you've got some changes happening there, what those new standards or procedures are. Is the branch going to have some kind of access to health records now that will allow them to see patterns? After they see patterns, is that the point of referral, then, to the OPP if they've got some suspicious, I guess is the best word, pattern? If you can give me some clarification about what the changes are, because I wasn't clear how big they were.

Ms. Dawn Ogram: I'll take that question. Our fraud program branch will be looking through the databases and determining patterns, as Pauline has indicated. What we will be doing is creating—we have new criteria. I'd be happy to provide those if the committee would like to see those.

Ms. Martel: Yes, please.

Ms. Ogram: I can certainly provide those criteria; the process for referring cases to the OPP has been established. We've been working on this since July-August of the past year. Our process was recently rolled out, in the beginning of February, to allow the programs to liaise with the fraud program branch, who are individuals with investigative experience. They'll be able to look at the cases according to the criteria and according to their understanding of the way fraud may have been perpetrated in other jurisdictions, to allow us the opportunity to refer only those cases that appear to have good evidence to the OPP.

You're probably aware that we have a team that the ministry contracts with of 21 OPP officers who are working in a dedicated fashion on health care fraud within the province of Ontario. There have been a number of cases referred to these individuals that will be repatriated and reassessed according to the criteria and then determined to be cases that we will take forward and investigate.

I think the positive aspect that I will flag for the committee is that we now have an opportunity to centre all of the activities around fraud in one area within the ministry, which provides us with a much greater opportunity to see patterns across programs. So where there may be patterns within programs, there may also be opportunities for us to look at issues that affect provider services, assistive devices, card fraud in itself, and other areas such

as that. I think this will provide us with what the ministry requires to do a really good job in this area.

Ms. Martel: Let me back up. The 21 officers are in the existing fraud branch?

Ms. Ogram: No, the 22 officers are OPP contract and there are a staff of 10—increasing to 12 or 13 this year—within the fraud program branch itself.

Ms. Martel: So the 22 are on contract doing—

Ms. Ogram: They are OPP officers within the OPP divisions and they are looking at cases that are referred by the ministry to the OPP.

Ms. Martel: So they're specifically taking the ministry cases and working solely on those?

Ms. Ogram: Yes, they are.

Ms. Martel: Okay, got that. It would be helpful if you could provide us with the criteria, because I know that was an issue that the auditor raised.

Ms. Ogram: We'll do that.

Ms. Martel: I wanted to ask about the backlog of cases. In the background that you gave us, it said that as of January 1, 2007, the ministry had closed 1,900 of the 7,000. I'm assuming there were no problems and that's the reason they are being closed. That would be correct?

Ms. Ryan: When you say "no problems"—we've resolved them. We've either ended eligibility for someone or we've granted them eligibility ongoing.

Ms. Martel: I thought in this case the backlog was referring to cases where there was a question about fraud, not just eligibility.

Ms. Ryan: No. These are eligibility assessment cases. They may lead to fraud, but the initial cut is, "Are you really eligible for OHIP?"

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Ms. Martel: Okay. And where it says, "The current backlog of cases is now estimated to be 3,800 files," do we assume that means that there isn't any work at all being done on those right now?

Ms. Ryan: No. Those are currently being worked on and we have dedicated resources on that backlog. We hope to have substantially reduced that way down by the end of this calendar year.

Ms. Martel: And how long, on average, would it take to deal with one of those, then?

Ms. Ryan: It really depends. I'll give you an example of what happens. If somebody phones in to our fraud line and says, "A neighbour who comes and seasonally stays next door to me during the summer in a cottage has got himself an OHIP card and is accessing health services in July and August every year, and then he lives in Lake Placid for the rest of the year," if we get a tip like that—and that is a tip for us; that's all that is—we then have to substantiate it. That's when the work begins in trying to contact that individual and find out whether he actually does reside and make his permanent and principal place of residence in Ontario or in New York. We go through a whole process with them that can take months, depending on how responsive the person is to our request for additional documentation and questions that we need

answered about absences from Ontario and things like that. That's why those cases sometimes take a while.

Sometimes we have to just shut the cases down because they've been dormant for years. So we have to put them in another category which says that someone reported that you were living in Nevada in 1998, and so we've closed coverage on your card based on some other substantiating information we had about you, and that card is still cancelled as of 1998. If you show up today and you move back to Ontario, you have to then show us that you have indeed moved back to Ontario, that you make Ontario your new home. Then you are covered for Ontario health coverage once you've passed the waiting period.

Ms. Martel: The three-month residence waiting period.

I wanted to ask a more general question around fraud measures. The auditor noted that the ministry in 2004 had hired an external consulting firm. That firm made recommendations to the ministry around a fraud measurement framework to be used as a benchmark to measure highrisk areas etc. Is this in effect in the ministry? And in what way is it in effect, then? I don't know what the recommendations were. Were they followed up? Were they put into place?

Ms. Ogram: I don't have specific information on that report. I can certainly provide that to the committee after

the meeting if that would be helpful.

Ms. Martel: That would be great. It would be interesting to see where it went after it was provided to the ministry.

Mr. Sapsford: I don't know specifically, Chair, of this particular report. I think the biggest shift here is a result of the auditor's work. It used to be that in the ministry this area of fraud was quite compartmentalized. So OHIP people would, based on tips or based on complaints, do the assessment—is it an eligibility issue or is it a fraud issue?—and then make an independent decision. But it was based on selected input.

The difference now is that we want to take a systematic approach to the issue of fraud, as the auditor has suggested. It used to be that the fraud programs branch did educational work—training, public education, public information—and now their role has shifted to being really a systematic examiner of the databases. We've had to give them specific approvals for access to the OHIP databases, which they never had before. So there's been a significant change in our internal process as to how we're handling these issues, and that characterizes, at least for me, the biggest change in the internal process around the issue of fraud.

Ms. Martel: Okay, so folks have some access where they didn't have it before, which is one of the concerns the auditor noted.

Mr. Sapsford: He's also said that we need to be careful about who does have access.

Ms. Martel: That was going to be my next question, because he referenced "need to know." How does the ministry come to sort out need to know? Or is that

essentially the question that you've asked the external consultant, to look at some of those broader questions about who really should have access and why, at what period of time and how?

Mr. Sapsford: I think all those questions are fair questions: Who needs to know? Under what circumstances? But it's also having a system of ensuring that only those people are going into the appropriate areas of the information system. So in a sense, it's partly building our own audit trail on who actually does have access. I think to some extent that was the auditor's concern, not only that we do have the rules but we have evidence that the rules are being followed appropriately, and that's the purpose of our review in that area.

Ms. Martel: So the consultant who is now out for the request for service is part of responding to the auditor's concerns about who has access and how they get access and verifying that access etc. Okay. You're just at the very start of that. You haven't made a selection; it's just out right now to various firms? Okay. Do you have

some timelines around that?

Ms. Ryan: What we're hoping is that the work would be completed within three months so we would have some kind of report by June.

Ms. Martel: That you could then work with in terms of recommendations.

Mr. Sapsford: Yes. Ms. Martel: Okay.

Mr. Sapsford: Some of this is going on in different processes, so the one around accessibility to information should finish a bit earlier than that, probably in March or April of this year. We're not relying entirely on external consultants. There has been a certain amount of internal business review, and as we come to those conclusions, we'll be implementing them.

Ms. Martel: So the piece around accessibility was done by ministry staff themselves?

Mr. Sapsford: It started there, yes.

Ms. Martel: I just want to follow up a little bit more on the recovery rate. I don't know if you can answer this or if it's really more for the OPP. It didn't look like the recovery rate around real fraud was very significant. Is it a question that people are essentially out of the country, they're gone? Is that usually what the problem is around recovery? Is that an unfair question? I don't know if someone can answer that.

Ms. Ryan: This is the card fraud that you're talking about? Okay. The card fraud is difficult to prosecute and it is sometimes that people are out of the country; they've left Ontario or they've been living out of Ontario for a number of years and we can't get at them. Again, it comes down to building the best case possible in a timely manner and getting that through the OPP and to the crowns, who then prosecute the cases. The crowns are looking for cases that are significant and winnable. Those kinds of things are taken into account.

Again, with the change to the mandate of the fraud programs branch, what we should be seeing is betterprepared cases moving forward in a more timely manner that will then show some better convictions and that sort of thing. The recovery rate just depends on where the people are when the case happens.

Just for your information, people actually voluntarily pay us back if they actually admit that they weren't eligible for OHIP during a certain period of time. We tell them what they cost the system and they will actually issue us a cheque. That has happened. I can't give you the numbers of how much money that is. It's not huge, but it just gives you an indication that there is out in the public an acknowledgement that you need to be eligible

in order to access a publicly funded system.

Ms. Martel: If I can go to the last set of recommendations that the auditor was talking about around medical claims processing: One of the points he raised was that the ministry needed to have some better guidelines and procedures for the staff out in the field who are making decisions on overriding rejected medical claims. I'm not sure if this is part of the work the consultant is doing or if this is part of the work the ministry is doing. Have there been some changes now so it's clearer to staff about the circumstances under which an override provision would go into effect?

Ms. Ryan: Yes, there are two things there. One is that sometimes we have to perform overrides because we haven't made systems changes that we need to make. The systems changes are done in a priority order. We're going through that list and there are always ongoing changes that need to be made, and as those get made, the need for overrides is decreased. So the ministry is working diligently at that.

The second piece is that there is a project, and it's the internal one, that is looking at those processes and where we do indeed have to continue to do some kind of an override, what kind of oversight we need there so that it's not just a clerk doing the override; there's some management view of that. That project is the one that is to end by the end of March to report back.

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Ms. Martel: Okay. I think that's it for me, Chair. Thank you.

The Chair: Mr. Hardeman?

Mr. Hardeman: I'm going back just quickly to the red and white cards. How do you make the decision on who is going to become renewable, recognizing that none of those cards have any expiry date or any significant identifiable trait? How do you decide who is going to be renewed?

Ms. Ryan: Who is going to be re-registered?

Mr. Hardeman: Who is going to be asked to update their card?

Ms. Ryan: As I said, we've sort of smoothed out the re-registration across the province, so instead of focusing on a particular city or town, we're actually doing it across the province, but we're focused in on our permanent sites, our 27 offices that we have around the province. We are basically inviting people in in waves, based on their postal code, from where the office is located outwards. So, for example, we've pretty much re-registered

all of Kenora, because we have an office in Kenora, and we've been able to pull as many people as we can in from that area. Thunder Bay is another example, where we've almost completed all of Thunder Bay. The metro areas like Toronto and Hamilton—Hamilton is pretty much done, but in Toronto we are still focused on our offices that have capacity in Toronto and can do the reregistrations here. Anyone who lives very close to our 777 Bay Street office has probably already received a notice to come in and re-register, as that's the pattern that we're using. So we're trying to do it within existing capacity and within our existing network.

Mr. Hardeman: From the auditor's report it would indicate to me that there are identifiable areas within the province where the problem may be greater than the average across the province. Wouldn't it make more sense to identify where the need to renew the cards would be the greatest, as opposed to where we've always had the offices that need work to do?

Ms. Ryan: Actually, a lot of the offices are located near or in border communities. We have offices in Windsor, Sarnia, Sault Ste. Marie, St. Catharines; we do outreach to Niagara Falls, that area, and Welland and Port Colborne; we do a lot of work in Thunder Bay and Kenora, up in that area. So we actually have offices in a lot of the border communities, and those offices are doing the re-registration. They are actively doing it.

Mr. Hardeman: So I can assure the people of Ontario that the rate of change of the cards in those problematic areas that the auditor pointed out is going at a greater rate than in the rest of the province?

Ms. Ryan: I wouldn't say that it's going at a greater rate. We're focusing on offices where we have existing capacity. Those offices happen to be border community offices, so they are taking care of that risk. If we wanted to, I suppose what we could look at would be creating more capacity in the border community offices to do more re-registration in those areas. That, though, will then come back and haunt us in five years when everyone tries to renew their card. So again, we're trying to do it in a phased kind of approach.

Mr. Hardeman: I guess I would just point out that in any other case—or in most cases; I shouldn't say in any other case—where we have a problem in society, we centre our solution on the most problematic areas. So if we're looking at an overall upgrading of the system, wouldn't we be looking at that upgrading and starting from the neediest areas to do it in and working out from there, as opposed to blanketing the whole province at the same speed?

Mr. Sapsford: I don't disagree with what you're saying, but just remember the context here. The auditor's comment was that there was a disproportionate number of red and whites in those communities, principally because the photo card was applied based on registration for primary health care teams, which went on in different parts of the province. So to a degree we've got a maldistribution in the cards because of previous actions of the ministry, not specifically that that's a direct indicator

of fraud in those communities. I just want to make sure the context is correctly understood here. Yes, the volume of conversions that we have yet to do is focused in certain parts of the province and we're trying as best we can to address that, but not to the extent where we re-register all of Windsor in one year, because of the skew that that would provide in our whole re-registering as time goes on.

So these are the issues that we're trying to look at, as I've said, in adjusting our business practice, and certainly those are the communities where we know we have the larger problem, because, as has been said, Kenora and some of these other communities are entirely re-registered now. So we have to begin to divert our resources to other areas.

The Chair: With the committee's indulgence, can I just ask a supplementary on that? Within those areas, to target the high-risk red and white cards, you have the ability to identify red and white cards that are used excessively, that are used in multiple locations. Would it not make sense to require those cards to be renewed first, even if you don't increase the number of renewals?

Mr. Sapsford: That's actually not a bad idea. Certainly as we now start looking more closely at the patterns of use, we can identify people who have high use with red and whites in certain communities and, as you've said, they could be given priority for the re-registration process. We've not done that in the past, but I think with the changes we've indicated, that's what we're looking at in the future, to begin to identify those areas of utilization and perhaps make those the priorities.

The Chair: You have the technical capability to do that?

Mr. Sapsford: Yes.

The Chair: Mr. Hardeman?

Mr. Hardeman: In your presentation, Deputy, you pointed out some of the areas that were pointed out in the auditor's report that needed investigation. You did a good job of pointing out the number—what was it, 40?—of physicians who were not licensed and who sent in claims, and there were 725 unlicensed billings and so forth. The dollars it referred to, those in your report, don't seem to be a great number, and it could very well be the timing of when their licence was stopped and when they actually still had some billing to do.

But I was more concerned about the ones that weren't mentioned in your report and what happened with those, like the \$10 million that went to clinics in 2001 that the auditor referred to, and there's another one where the auditor referred to six individuals for whom a particular provider billed and was paid \$800,000 between 2001 and 2005. Is there a reason why those are not mentioned in your report, as to what we found out about those? There is no explanation for those.

Mr. Sapsford: It may be that we are still looking at those. I'd ask Suzanne McGurn—she has the detailed information—to speak to that.

Ms. McGurn: I'll separate it into two parts. The first is the 725 individuals who were identified as missing

from being updated because of categories that we didn't get information from, and that was people who had resigned, were deceased, retired or with non-payment of dues. Of those 725 individuals, only 40 had submitted claims, and the total dollar figure, as was referenced, was about \$81,000. The other ones that you point out I believe—I will look—were in reference to other circumstances not related to updating of data in the provider registry. So I will just have to validate where those questions are. They are unrelated to this piece of information.

I do believe the clinic reference may be in reference to some of the cases that were in transition between the old MRC process and the new physician audit, but I will validate those specific circumstances.

Mr. Hardeman: I'm still concerned, and I understood those that were just explained. They are in your report as you reported here this morning. I appreciate that. I'm just concerned about the reference in the auditor's report that says a group of clinics have potentially overbilled the Ministry of Health and Long-Term Care for almost \$10 million for medical tests since 2001. When you read that, what has been done about that one?

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Mr. Sapsford: This was the particular case that I believe Ms. Sandals raised, where actually the clinic company was in fact charged. There has been repayment of at least some of the billings that were made, and the company, I believe, has been convicted of fraud directly, so that was the resolution of that case. The \$10 million was an estimate based on, I guess, assumptions that were made if it was all fraudulent, and that was the number that was included. So that case, from my perspective, has been resolved in the courts.

Mr. Hardeman: Okay. Is that also true for the group of clinics and their affiliated physicians who did tests for 4,100 patients at a much higher—

Mr. Sapsford: Yes.

Mr. Hardeman: That's under the same explanation of where that's—

Mr. Sapsford: Yes, that's the same.

Mr. Hardeman: Thank you. The other one is, in your report you mentioned about the backlog not being as high as reported in the auditor's report because there's a certain number that are ongoing cases that are under review. How do we decide what is a backlog and what is under review? Isn't everything that's not resolved a backlog?

Mr. Sapsford: That's a good question. How long should one wait before one says it's a backlog versus ongoing review? I think the explanation was that, depending on the individual circumstances, it sometimes takes some months to resolve the issue. I suppose it's always open for the ministry at some point in time—pick a number: six months, seven months—simply to say the card in invalid and retract the card. The danger of that, of course, is that you leave citizens without a card. Now, there's appropriate recourse. As people need health services, they can be encouraged then, at that point, to re-

register. But it's a question of judgment as to when you say, "Enough is enough. The card is invalidated."

I think the indication we gave is that somewhere around 1,300 or 1,700 cases at a time is not an unreasonable number to have in process, as it were. So we had closed 1,900; we were down to 3,800. Of the 3,800, we're trying to get down into the 1,500 to 1,800 range as being a reasonable pool of cases to be assessing at any period of time. It's simply based on the volume of the questions that come forward about authentication of cards.

Interjection.

Mr. Hardeman: Yes, go ahead.

Ms. Martel: Sorry, can I just have a follow-up, because I'm looking at your status back to us. I just want to be clear on the numbers. The auditor said 7,000 cases were backlogged for eligibility, and you've said 1,900 of that 7,000 have been closed, which is great, which would leave 5,100. You say that on an ongoing basis about 1,300 of these files are in process, and then your final line is, the current backlog is now 3,800. I'm just trying to add all this up. It seems to me that there is probably a distinction between the 1,300 that you've identified as being in process and then another 3,800 backlogged.

When I first read it, which is why I asked the previous question, I assumed nothing was being done on those 3,800. On the 1,300 that you say are in process, something is being done, which would actually bring you up to the 7,000 that the auditor identified. Can you just give us some clarification about those numbers?

Ms. Ryan: Maybe we haven't characterized it properly here, but what the ministry is trying to get at is that a zero backlog is not something that we think we can ever get to. So we had to pick a point, and we picked 1,300 cases. We thought that was a reasonable amount of cases to have in progress at any given time. The 3,800 that we've got is indeed a backlog, and we need to get rid of that backlog, but at any given time after that we expect to have about 1,300 in progress.

Ms. Martel: You said earlier that it's hard to know when you can deal with that, because some cases take longer than others. Are there specific new resources that are being applied to clear the 3,800 minus 1,300?

Ms. Ryan: Yes. There are dedicated resources on that to clear them. They are really low-risk cases, but the auditor pointed it out and we do need to deal with it.

Ms. Martel: Thank you. Thanks, Ernie.

Mr. Hardeman: I was almost to my answer before Ms. Martel started.

Ms. Martel: I'm sorry.

Mr. Hardeman: No, I say this: I'm more confused now than when I started. We have 1,300 in process that are being reviewed at the present time. The ministry says those are not a backlog. Then we have 3,800 that the ministry considers a backlog, but the auditor says there are 7,000 cases. Where are the rest of them?

Mr. Sapsford: We've dealt with those.

Mr. Hardeman: Where?

Mr. Sapsford: A decision was made on the first 1,900. They were either authenticated or they were refused. They're done, of the 7,000.

The Chair: How many were authenticated or were refused, of the 1,900?

Ms. Ryan: I don't have the information in front of me. **The Chair:** Could you provide that to us, please?

Ms. Ryan: With eligibility assessment cases, we usually end eligibility in about 32% of the cases, on average, but the cases that you're looking at are older cases and low-risk cases and I'm not sure whether that percentage would be right or not. But I can get back to you on that.

Mr. Hardeman: Well, thank you very much. I think I've got it clear now.

The next one is the issue of the authenticity of the application of citizenship. Presently it's at 64%, I think you said, or in the 60s, and with the agreement with the passport office we would bring it up to 84%. What makes that so difficult? A passport is a passport, and every time I cross the border or get on a plane and I show them the passport, authenticity is there. Why is it that it takes more to do that authenticity for the health card?

Ms. Ryan: What we're actually doing is authenticating the number, so when you come up to one of our offices and we say, "We need to see proof of citizenship," and you're carrying your Canadian passport, we take that number off that passport, your name and your date of birth, and we match it against their database in Ottawa. That's what we're doing, to make sure there's a match there. So what we're doing is we're authenticating the fact, and they can come back and say, "Yes, there is a passport that has been issued to Ernie Hardeman, date of birth this, and here's the passport number." It authenticates that what we've seen in the office is an actual passport; it's listed on their database. That's the process we want to put in place for passports. That's the same process that we have in place right now for Ontario birth certificates and for any immigration documents that are issued by CIC. We're matching numbers, names and dates of birth with the issuing source.

Mr. Hardeman: And we can only do that for 64% of the applications?

Ms. Ryan: What we're looking at, when people come into our office, is, what are you showing us to prove your citizenship? Right now, 64% of people coming into our offices are showing us either an Ontario birth certificate or an immigration document. Another 20% are showing us either a Canadian citizenship card or a Canadian passport, but at the moment we're not actually authenticating that information with the issuing source, so that's what we'd be doing once we enter into these agreements and we get a data feed between us and Passport Canada and us and the citizenship cards.

Mr. Hardeman: So is the end target of this to do as they're doing with cross-border use of a passport right now, to make sure that everyone would have one of those identifying documents to get the health card, or is that already required?

Ms. Ryan: Well, we're thinking that because so many people are now applying for a Canadian passport, we're going to see more people showing up and using their Canadian passport as proof of citizenship than we've seen in the past.

Mr. Hardeman: Thank you. Oh, nope—one more.

The Chair: You've got one more minute, sir.

Mr. Hardeman: Okay. I'll take it the next time. Go ahead.

The Chair: Okay. Mr. Milloy?

Interjection.

The Chair: You go ahead and finish it off.

Mr. Hardeman: I just wanted to ask a question about the medical review committee that was suspended, and Bill 171 is going to replace it. In this process, of course, there has been a lot of, shall we say, need for the committee that hasn't been met. Even if we accept that the committee, according to the Cory report, was well beyond what we as a society thought it should be, obviously some type of process needs to be put in place to audit the medical system. What are we doing about that, and if and when something gets in place to do that, how are we going to deal with that which has happened between the time of the suspension and the time of a new process being put in place? Will everything be fair game in that time or is it going to become retroactive?

Mr. Sapsford: That's a good question. We're moving forward, the Legislature being willing, to implement the new process. What we've been doing in the interim, of course, is with respect to the educational piece. A lot of this is about interpretation of the rules. It's not about physicians committing fraud every day of the week. It's about interpretation, it's about errors in administration of the system and so forth, so we want to reduce errors to the degree that we possibly can. I think the criticism, through the Cory report, was that the process that the ministry used to in fact manage that was judged to be unfair to physicians. There's much we're doing now that's in compliance with Cory, short of the new review procedures or the quasi-judicial procedures. That really speaks to the education, the communication with physicians, where we identify problems in the billing. There's more direct contact back to explain the problems the ministry has and to try to get changes in the way physicians' offices are actually billing or interpreting the fee code. That's really where we're focused: more clarifying bulletins, more frank discussion with the OMA about how we view the interpretation around billing practice. That's really where the branch will be focused until the new legislative or regulated regime is put into place.

Mr. Hardeman: And your vision at the end of it is to stay with that and not go to an auditing process where you physically get to check the individual establishments for compliance?

Mr. Sapsford: The regulatory framework around review and so forth is quite independent of what I would call audit. We have our own internal processes around audit of the accounts and the billing practice—we've

talked, again, today about fraud—which are, in my view, one component of making sure that the system has integrity. In terms of the details around audit, though, I'll turn to one of my colleagues.

Ms. McGurn: As the deputy has mentioned, it's a continuum of activity, from education and information through gathering enough information to be able to give effective feedback to someone, either through them providing us with samples of their records so we can say, "Does this justify the type of claims you're making?" or through a process, as proposed in the new legislation, where, hopefully, those differences will be able to be worked out between the ministry and the physician or group of physicians, as it may be. Only where there's a point of disagreement would that matter need to be presented at the level of an independent review board.

In keeping with Justice Cory's recommendation as far as timelines, what they're certainly looking at is that efforts should be focused at the front end: making sure physicians have the right information and that, where possible, physicians are not paid for claims that are not appropriate—so prepayment rules, those types of things, to make sure that we're only dealing with those circumstances where an agreement could not be found—and again, wanting to ensure that that process is timely, so that if you have been paid for claims, the ministry would be back to you within a reasonable amount of time to give comment on those claims if they had concerns and bring them forward to a review board, should that be the outcome of the discussion.

Mr. Milloy: I just have a point of clarification, following up on one of the points Mr. Hardeman raised about the 725 doctors. You noted, Deputy, in your presentation that a lot of that has been cleared up. I understand how with 13 million people there are all sorts of problems, but there are only several thousand doctors in the province. I just wonder, what was the old system? How did we end up with 725 doctors; that even if they weren't claiming, they had the right to claim—and you talk now about this new agreement. I just wanted some clarification of what the history of all this is.

Mr. Sapsford: It's simply communication: the time it took for the college to take people off the active list, to compile the list, and for that to come to the ministry. I'm not sure if it was done on paper or not, but it was really the speed at which the information was transmitted between the college and OHIP. We're now working on having those updates done electronically so that there's an electronic feed from the college to the ministry, so that the amount of time that elapses between the licence of the physician being revoked or lapsed and that notice coming to OHIP would be less. In most of the cases, I think, of the 725—there were only 40 where there were actual billings. Most physicians retire. They let their licence lapse and they don't keep on billing, and that's what we saw in the majority. That was for deaths or retirements, for leaving the province; it was for all causes. So the majority of those changes take place without incident. It was only in the smaller number of cases where the auditor pointed out some unusual occurrence; I'll put it that way—so making them electronic, speeding up the time that goes by between the college's decision and the indication in OHIP.

Ms. McGurn: Where the college is making a decision for licensing, that was an effective process and the information was provided in a timely fashion. Not all of the categories existed in the data feed, such as death and retirement, and perhaps it was that those were ones where it wasn't anticipated that physicians would keep billing in the past. So now the data feed has been corrected to ensure that all categories of a licence, where it might not be active, will now be fed to the ministry as well. As in circumstances such as Ms. Ryan has talked about, the ministry does get information in other ways as well. The families of physicians who retire or who have become deceased may let their district office that they have contact with know that information, so it would in fact have been updated in some other circumstances as well. I think you'll note that of the 725, over 120 were not active anyway because of the information having been received in other fashions. However, we now have a complete data feed from CPSO. It is received in our offices on a weekly basis and that information is updated in the corporate provider database within three working days.

Mr. Milloy: Can I just ask, and you may not have an exact figure, how many physicians—and then I guess that's extended to other health care professionals—in Ontario can bill OHIP, roughly? There are not that many, are there?

Ms. McGurn: I'm the one who should actually be able to answer that. There are approximately 21,000 physicians who have the ability to bill OHIP. I don't know the practitioner numbers off the top of my head. However, they are a limited group: optometrists, a limited number of podiatrists and designated physiotherapy clinics in the province. It is a small group. The billing information is also maintained, though, for other categories such as nurse practitioners etc., where they do have an ability to make referrals for services, for example, so that information is maintained as well.

Mr. Milloy: And, based on the presentation, you are working with those other areas to make sure that if they retire or are deceased, their names come forward.

Ms. McGurn: Correct. The largest group would be the optometrists.

Mr. Milloy: Okay. Thank you.

The Chair: Mr. Arthurs.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): First, let me say how much I've enjoyed this morning as my first visit as a member of public accounts. It's refreshing, both from the standpoint of the presentation—that is always fresh anyway—but also the questions that have been asked to date compared to my experience in estimates over a period of time. It tends to be a little more partisan in that environment, so this has been both informative and refreshing, but I'm sure there will be points in time when there will be some partisanship expressed.

My question is relatively short. I note that the questions that have been asked have drilled down intently on some areas, which has been interesting to listen to and hear in addition to the information provided. More generally, the information provided on the provider monitoring and control: I was listening to all the questions being asked around the photo cards, the red and white cards, the numbers that are out there, how soon they are going to be converted, and also the presentation in here on this issue of monitoring control. The responses to the Auditor General's queries and comments were quite explicit, referencing X number of doctors and specific amounts. Would that be the kind of information you had readily at hand for all practical purposes, or did one have to do a lot of research in response to the Auditor General's queries in that regard? You reference \$500 in one instance and \$88,000, I think, in another. Is that something you had to do a lot of research on or is that kind of information reasonably readily available to you by virtue of the systems that are currently in place? 1200

The second part of my question would be, given the resource capacity that the ministry has, would you find those resources best expended on the issue of billings by service providers where you see unusual occurrences, unusual growth in billings, or to use those resources for the purposes of tackling the fraudulent card use, the old red and white card? Where would you apply the resources if you had to make a determination as to what the priorities would be? Is the information that was requested by the Auditor General on this particular round something that is fairly readily available to you or did you have to do a lot of digging, in essence, to acquire these kinds of data?

Ms. McGurn: With regard to the first part of your question about how difficult it is to gather the information, I think in the circumstance of the 725 providers, we were actually provided with a provider list. It was relatively easy for us to be able to extract that information and run an analysis of what claims were submitted on those billing numbers. So that information was readily available once the information was brought to our attention.

Again, as Ms. Ryan said when she spoke earlier, where you focus your energy is often where you'll see large sums as well. So it might not naturally have come to our attention—three physicians who are deceased—with such a small billing. However, we won't have that concern in future because those will be picked up within three days of the information being here. But as far as being able to get the information and produce it back, that's readily available information to us.

Mr. Arthurs: If one had to apply the resource base available, had to make some different allocation of that resource, where would you apply it given those two kinds of choices?

Mr. Sapsford: That's a really hard question, of course.

Mr. Arthurs: I'm obviously not suggesting—

Mr. Sapsford: No. I guess at a high level—the ministry has to do both. In terms of relative resource, we would look at a variety of indicators: just off the top of my head, our success, though, in recovering, so recovered dollars, if that's a measure of effectiveness or success. I guess our experience would be that we stand a much better chance of recovering dollars from physicians for errors in payment than we have had in terms of fraud recovery. That's partly because they're very different processes. It's very difficult to detect fraud, so it's not the only measure that one would take into place.

I think, based on the auditor's report and because we have a new legislative framework that's being proposed, if the Legislature passes it, then we'll be focused on implementing that new regulatory framework for the provider side of it. So I would suspect, in the short term, more of our effort will be spent on the fraud side, with its new branch and new mandate, looking at new survey techniques, trying to find new patterns to really get below the surface and see whether that is a bigger problem than currently we believe it is.

In the short term, in terms of focus, I would argue we would be looking more at the fraud. When the new regulatory framework is in place, that would give us a different impression of the kinds of problems we have with providers. But I would argue that it's a balancing, year over year, depending upon the systems we have in place and the problems that are outlined through auditors' reports or other means.

Mr. Arthurs: Would that be as well reflective not only of the capacity to recover but reflective of the level of exposure to public dollars by virtue of—

Mr. Sapsford: Correct, so the risk analysis is a very important part of that, that we've talked about earlier. Ms. Ryan mentioned that some of the outstanding cases are low risk. What does "low risk" mean and who are these people likely to be? Do we have other evidence? Is there likely to be fraud in this set of circumstances or with this group of citizens or red and white cards or whatever the case? So the risk analysis is a very important part of helping the ministry decide which, of all of these issues, comes to the top and requires more immediate action.

The Chair: Mrs. Sandals.

Mrs. Sandals: Just a couple of comments and then a question. In respect to the last discussion where you're looking at fraud recovery or incorrect billing recovery from physicians versus inappropriate use of cards by individuals, it seems like the one you can obviously measure in terms of recovery of incorrect payments. The other one, I'm not quite sure how you measure, because what you're really doing is diverting incorrect access to service, and you would somehow have to measure that in a different way, because you can't recover the service anyway. And it isn't necessarily the physician's fault; you've still got to pay the physician, because in some ways they were—it isn't like they're a party to the fraud. So it's almost like you'd need different measurements for those two categories of things.

I was just going to comment that I think the idea of trying to identify high-risk or potential auditees in the pattern from your data that may identify areas where you want to look further is useful. Again, though, we have to be really careful what the indicator is. I was thinking of this business of the three-region billing. I think that probably in the last few years the majority of members of my family would have fallen into that category, none of which was fraudulent. It just happens to do with the geography that the family tends to run around to, and the fact that the tertiary treatment centres aren't in anybody's hometown. So finding indicators is good, but we need to be maybe a little bit more sophisticated sometimes about the indicators.

The question I wanted to ask is, as we get better and better about requesting documents and verifying documents in order to make sure that people have a health card and they're really entitled to service, one of the things that we certainly see in the constituency office is people who are the most marginalized in society or the people who are most likely to not have access to the correct document and for whom it's sometimes problematic to help them track it down. So even getting the foundation document, the birth certificate, may be a challenge because they really don't know all the information about how their birth was registered, for one reason or another. So that can be quite a lengthy process, just to get them reattached to the foundation documents.

Do you have a standard set of procedures that each of your OHIP offices would use in terms of dealing with those cases where people have quite possibly an urgent need to access health care but no way to urgently actually get a properly verified health card?

Ms. Ryan: Yes, I'll answer that. There are people who are able-bodied and can come into our offices and register and have documents. There are other groups out there that don't have the documents, aren't able to come in, and we have set up separate processes for those people. So we have special processes for the homeless; special processes for psychiatric patients, in and out; we have special processes for newborns. We have special processes for a number of different areas. What we're trying to get at is we know that there are people out there who sometimes are living sort of on the fringes of society and they don't have the kind of documentation that you would normally be looking for. We have to take that into consideration. If you have somebody like that in your office or your constituency, we do have a 1-800 MPP line that you can call, and we take care of any sort of problems where people need immediate medical attention.

Mrs. Sandals: Yes, and we're fortunate enough in my constituency that there actually is a permanent OHIP office at 1 Stone Road, at the Ministry of Agriculture, through Service Ontario. So for us that's fairly easy; we just hook them up. What I was wondering was that you do have consistent processes that all the offices would be using so that there are defined processes, as opposed to the whim of—

Ms. Ryan: There are defined processes specifically with the homeless. There's a specific process that we use where an agency—and we have agencies on record with us—can provide a letter to us attesting that this person is homeless and in their care. The agency will actually be assisting the person to get their documents. In the meantime, we will give them one year's coverage while they try to get their documents.

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Quite frankly, every so often we come across people who we cannot get documents for, and they are people who are homeless, people who are on the fringes of society, who seek medical attention. We continue to work with constituency offices and with other health care professionals to try to get people's documentation straightened out. In the meantime, we extend their coverage on a year-to-year basis.

Mrs. Sandals: Okay, thank you. Because somewhere in the accountability loop, we need to have the exceptional circumstances covered as well.

Ms. Ryan: Certainly, yes.

The Chair: I'd just like to ask a couple of questions in clarification that some of the members have asked. When you were posed the question of how you decide which red and white cards are being replaced, you talked about the office capacity and the ring around the office and that kind of thing. I assume that after that, it's randomly done, is it, or is it done alphabetically?

Ms. Ryan: It's actually done by postal code. Our

system is set up-

The Chair: It's random, then?

Ms. Ryan: Yes, by postal code, so we're just moving out in postal codes. That's how it's done.

The Chair: Okay. The second question is, of the 194,000 rejections, or taken-away cards, do you have any number on how many of those have come back in terms of, you know, people have moved and they are entitled to OHIP coverage? Do you have numbers on how far down the 194,000 number comes over a period of time?

Ms. Ryan: The information that I have on the continuing data integrity project that we started in 2004 is that we've had in total 17,000 people actually walk into the office. So of the notices that we send out, 17,000 people have actually walked into the office and said, "Yes, I'm here. I haven't had claims in seven years, but I am a resident of Ontario."

If you move out of the province and then you move back into the province, I don't have numbers on that, but that sort of restarts you again. You would have to then come in and apply for a photo health card at that time. Even though you may have had a red and white card six years ago, we would have cancelled it through that project. You would have to come in and register for a photo health card. Again, we would use the same number because we're still following you. You would be out of the province and ineligible for a period of time and then eligible again once you've shown us your documentation.

The Chair: You've gone from 200 to 10,000 a week in terms of the notices going out. You can't give us a

percentage of how many we would expect of the 10,000 revocations—or not 10,000; of the 194,000 revocations—you would expect to get back in the next year?

Ms. Ryan: How many—sorry?

The Chair: Of the 194,000 revocations that you have done because you didn't get an answer back from the mail, do you have any idea what the true number of actual revocations will be?

Ms. Ryan: All right. I'm hoping I've got your question right. In the project that we're doing on data integrity, where they haven't had claims in seven years—and I talked about the 17,000 coming back in—that's a 4% return rate, so we see 4% of the people who get those notices actually coming into the office. On top of that particular project, we send out the invitations for people to actually come in and re-register for a photo health card, and we do those in the rings out. The return rate on those is about 60%.

Mr. Sapsford: We're dealing with two different things here.

The Chair: Yes, I know. But I don't know how real the 194,000 number—

Mr. Sapsford: The 194,000 were the actual cards that were cancelled.

The Chair: Right. But I want to know how many are going to walk in the door because they said, "Well, I just moved around the—"

Mr. Sapsford: Of the mail-out, about 4% come back and identify and say, "I'm here. Give me a new card." Then we cancel the cards. I guess the question is, after we've cancelled the cards, who else is out there whose card we've inappropriately cancelled and then they show up for health services. Is that where you're—

The Chair: That's right, yes.

Mr. Sapsford: That's a harder thing for us to do.

Ms. Ryan: Yes. I don't have a number on it, but I know what you're talking about. You're talking about the people who have moved, we've gotten returned mail, we've cancelled their card, and then all of a sudden they'll come in for medical services and their card will be no good and they'll be told that they need to go to an OHIP office and sort out their eligibility. Then what we do is register them for a photo health card.

The Chair: I'm interested in the number.

Ms. Ryan: Yes, in the number.

Mr. Sapsford: What proportion.

Ms. Ryan: I'd have to get back to you on that.

Mr. Sapsford: Could we look at that a little more closely?

The Chair: Yes, sure.

The last question I have is this. Essentially the Ministry of Health is operating what I would call an insurance scheme. Is it necessary that this insurance scheme finds itself in the Ministry of Health, or would it be better found in the Ministry of Revenue or another area? In my view, your focus should be somewhere else other than running an insurance scheme.

Mr. Sapsford: It's in fact a question that the ministry is looking at. I think we need to draw a distinction between the policy framework around the insurance program versus the payment side of what would be an insurance system. So what we're currently doing—and there is a group that's organized to do that—is looking at the various business functions of the OHIP system. So registration is one piece, making sure that the registration side of both providers and citizens is accurate. There's the payment function, which has to do with bill-paying of submitted claims from physicians and other practitioners. Then the third part is the policy framework, what does the insurance plan pay for, what does it not pay for, and under what circumstances.

So we're doing an assessment right now of the various functions and looking at whether there are other ways that we could in fact provide that business function, either in partnership with other ministries—you've heard us talking about the cards with respect to transportation, Service Ontario as an integrated business function of the government, and can we look at different parts of our business being integrated there—or in fact right outside the Ministry of Health, where we use third parties for some aspects, for instance, of the drug benefit program.

So, yes, Mr. Chair, we're looking at those aspects of it. Whether OHIP could simply move out of the ministry lock, stock and barrel, I don't think so, because the ministry would guard very jealously the parts of the business that talk about the size and shape of the insurance: What do we pay for, what do we not? That's very much linked to the interests and role, quite frankly, of the ministry. But other parts of it, I think, are open for discussion.

The Chair: Ernie, you just had—

Mr. Hardeman: Yes, I just have one question. We talk about cancelling cards and eligibility or non-eligibility. Is it possible for someone who is eligible but, through neglect, does not renew their card when they were supposed to, at some point in time, to be denied health care in Ontario; and, secondly, that they would not even be able to get it back after they verified that they really never had been ineligible?

Mr. Sapsford: No. No one would be denied health care on the basis of the administrative process, unless of course you're not eligible. So if you're judged to be ineligible, then the costs would be your responsibility. But for all eligible people, whether they have a valid card or not, the process that's in place always weighs in favour of the person getting service. In fact, in some cases, where eligibility has been judged retroactively, OHIP has reimbursed on that basis.

Mr. Hardeman: I think it's important. We had someone in our office just last week whose health card had reached an expiry—I think it was an expirable one—and she couldn't get an appointment to get it renewed. She was quite concerned that she would not have health care. So I think it's important for people to realize that it

isn't based on if you didn't get it renewed in time that your health care would not be available.

Mr. Sapsford: That's correct. That's not the case. The Chair: I think we're finished with questioning.

I'd like to thank the deputy, the assistant deputies and everyone else who has been here with us today. We have appreciated your candour and your answers. We look forward to your written responses to those questions that couldn't be answered here today.

The committee will break for about five minutes. There is lunch next door. You can grab a sandwich, bring it back in, and then we'll have an in camera discussion about writing the report, to give directions to Ms. Campbell, who will be assisting us in doing that.

Thank you very much.

The committee recessed at 1220 and continued in closed session at 1228.



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Second Session, 38th Parliament

Official Report of Debates (Hansard)

Tuesday 13 February 2007

Standing committee on public accounts

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Deuxième session, 38^e législature

Journal des débats (Hansard)

Mardi 13 février 2007

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Clerk: Katch Koch

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday 13 February 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Mardi 13 février 2007

The committee met at 0929 in committee room 1, following a closed session.

2006 ANNUAL REPORT, AUDITOR GENERAL

MINISTRY OF ENERGY

Consideration of section 3.07, acquisition of goods and services.

The Vice-Chair (Mr. Ernie Hardeman): I guess it is 9:30, so we'll call the standing committee on public accounts to order. We're here this morning to review section 3.07 of the 2006 annual report of the Auditor General, Hydro One Inc., acquisition of goods and services. We have here this morning with us the deputy minister. If the deputy would come forward and introduce the delegation, we would appreciate that, and we'll proceed from there.

Mr. Peter Wallace: Thank you very much. I'm Peter Wallace, the Deputy Minister of Energy. With me today is Rita Burak, who is chair of Hydro One. Rita, if you could do the other introductions, I'd appreciate that.

Ms. Rita Burak: Joining us today is Laura Formusa, our acting president and CEO. Laura, by the way, was previously general counsel and has been with Hydro One and its predecessor company for over 27 years. Also joining us today is Beth Summers, the CFO of the corporation. Beth is a chartered accountant and she has been with Hydro One for the past six years.

The Vice-Chair: Thank you very much, and, Deputy, if you would make your presentation.

Mr. Wallace: I will. Thank you very much, Mr. Chair. We're pleased to be here today on behalf of the Ministry of Energy. We'd obviously like to thank the standing committee on public accounts for providing this opportunity to address some of the issues in the Auditor General's report on Hydro One. This is an excellent opportunity to tell you about the changes that are being made as a result of the recommendations made by the Auditor General and to speak about the other activities that the ministry is undertaking.

The ministry fully supports and appreciates the work done by the Auditor General in completing the first value-for-money audit of Hydro One. It has been an important contribution for my ministry and, I believe, for both Hydro One and the Auditor General as well.

Ontario's electricity system, as you know, is a blend of both private and public sector organizations, and in fact combines both private and public sector management approaches. Hydro One is an important publicly owned institution. It is regulated by the Ontario Energy Board. Hydro One provides what is, in effect, a monopoly service. That monopoly service is the transmission infrastructure which serves virtually all of Ontario's consumers and all of its energy producers. These energy producers include Ontario Power Generation, which is also a crown-owned entity. OPG operates approximately 70% of the province's electricity generation.

Private generators are, however, now playing an increasingly important role, particularly in new and cleaner generation of electricity through natural-gas-fired plants and through renewable energy as well. The Bruce nuclear facility is still publicly owned but is operated by Bruce Power, which is a private company.

Together, OPG and private operators provide an overall plant capacity of over 31,000 megawatts and have great reliability to meet Ontario's electricity demands. As both major and smaller new generating facilities are developed and dispersed increasingly across the province, there is an even greater need for a well-managed, responsive and reliable transmission system.

The critical link in ensuring Ontario's electricity reaches the almost 100 municipal utilities and, ultimately, over four million electricity customers is Hydro One. Hydro One Inc. was established as a commercial corporation in the Electricity Act of 1998. It is incorporated under the Ontario Business Corporations Act by articles of incorporation dated December 1, 1998. The corporation itself became operational on April 1, 1999.

Hydro One is expected to operate at arm's length from the government, with flexibility to make its own operating and investment decisions. This includes access to capital markets for borrowing. An important factor is that Hydro One borrowing is not guaranteed by taxpayers of the province. However, while Hydro One has a commercial structure, it is also entrusted with a critical public service. As such, all of the shares of Hydro One are owned by the province and the company continues to enjoy the tax-exempt status accorded government property. That means that payment in lieu of taxes help write down the multi-billion-dollar debt legacy of Ontario Hydro.

Both legislation and a shareholder's agreement between the province and Hydro One define Hydro

One's responsibilities. The government's expectations of Hydro One include:

- —disclosing the names and salaries of those who earn more than \$100,000 annually;
- —meeting, as required, with the standing committee on provincial agencies;
 - —compliance with freedom-of-information requests;
- —providing advance information of a strategic nature or that could impact the performance of the corporation or its subsidiaries;
- —consulting with the shareholder with regard to the preparation of multi-year business plans;
 - —delivering financial reports on a quarterly basis;
- —seeking approval on any transfer of shares, proposed sale of assets or any other major transaction that could materially affect cash flow, financial interests of the province and payments made in lieu of taxes;
- —delivering copies of agendas and minutes of board meetings within a prescribed period of time; and
- —responding promptly to information requests from the government.

In addition, under the Business Corporations Act, with the minister as shareholder, the province appoints the Hydro One board of directors and, of course, the chair. It is the board's responsibility to oversee the governance and day-to-day management and operations of Hydro One. The board, in this regard, sets corporate policies with respect to procurement and expense reporting and is also responsible for ensuring that such policies are followed.

It has been the practice for the Minister of Energy and the deputy minister to meet on a regular basis with the chair of Hydro One to discuss issues of interest to the government as shareholder. The Ontario Energy Board, as you know, regulates agencies in the energy sector, including Hydro One. As such, the Ontario Energy Board is responsible for reviewing the costs incurred by Hydro One and determining what portion of the costs can be passed on in transmission and distribution rates.

Transparency is seen as an important safeguard of public service. In this regard, Hydro One and Ontario Power Generation are subject to the Audit Statute Law Amendment Act of 2003, which expanded powers of the Provincial Auditor to conduct value-for-money audits for the first time of the broader public sector and all crown corporations, including Hydro One and its subsidiaries.

The first-ever Auditor General's report on Hydro One has identified important concerns with regard to the compliance of Hydro One's procurement practices and expense reporting. The ministry clearly supports the Auditor General's overall recommendations and recognizes their significance for Hydro One and in fact for other crown corporations as well. Hydro One has taken a number of steps to implement the Auditor General's recommendations regarding better enforcement of corporate governance policies. We will continue to work with Hydro One and monitor Hydro One and listen to the Auditor General's recommendations on areas that can be strengthened.

I think we can all appreciate Hydro One's success in managing what is a critical element of Ontario's economic and societal infrastructure. Hydro One has continued to show solid financial results while at the same time investing to upgrade and maintain its transmission and distribution networks. As a result of the Auditor General's report, we feel strongly that Hydro One is now on an even more sustainable course for the future.

I will now turn the discussion to Ms. Rita Burak, chair of Hydro One, who will provide details on Hydro One's progress in implementing the Auditor General's recommendations.

Ms. Burak: Thank you, Deputy, and, through you, Chair, thank you to the committee for the opportunity to appear before you today.

I'm pleased to tell the committee that the company has accepted all of the recommendations in the Auditor General's report and has been in the process of implementing a number of them for several months.

We will be dealing with two sets of issues today. Ms. Formusa will speak to specific issues of compliance improvements with Hydro One policies. But before that, I will deal with issues relating to the departure of the former president and CEO, which followed on the auditor's report.

0940

I want to deal up front with a number of questions I know members will want to ask: questions about CEO pay, severance arrangements, use of expenses, board accountability and the performance of the chair.

The first question that might be asked is: Why was the former president and CEO paid so much? When Hydro One was created, expectations were to privatize it, so executive salaries were set at rates comparable to the private sector. I remind the committee that Hydro One was created, after the breakup of Ontario Hydro, as an Ontario Business Corporations Act company with a commercial mandate. While the board of Hydro One certainly made reductions to compensation in 2002, we retained an essentially private sector company comparator basis for compensation.

The government has now established the agency review panel. Its first order of business will be to review executive compensation in all of the energy companies and agencies. Importantly, the panel is asked to consider comparable public sector organizations in their review. We understand the significance of this mandate and look forward to working with the panel.

A second likely question is: Why did the former CEO receive a severance package when he resigned? The board agreed that his departure would be in the best interests of the company and elected to honour the severance provisions of his contract, which allow the company to terminate his employment without notice for any reason whatsoever, in which case he would be paid a severance. The former CEO was not fired for cause. While the issues raised in the Auditor General's report relating to the CEO should not have happened and were viewed very negatively by the public, they were not legal grounds for dismissal for cause.

The former CEO, in discussion with the board, elected to resign so that his presence would no longer be a distraction for the organization. In the aftermath of the Auditor General's report, specifically the issue relating to CEO expenses on an assistant's credit card, the board presented the former CEO with the circumstances we were faced with. Both the former CEO and the board concluded that his continued employment as CEO was untenable.

In light of the fact that the company will be submitting its next annual information filing, including information on executive compensation, with the Ontario Securities Commission within the next two weeks, I would like to confirm that the value of his severance package is approximately \$3 million: essentially, a representation of 24 months' earnings and consistent with the severance provisions of his contract, which have previously been disclosed in our annual information filings with the OSC.

On the third question: What was he doing with his expenses? The AG found that there were certain business expenses on the credit card of the assistant to the CEO which related to the CEO and which he approved, and this should never have happened. The CEO presented the board with a summary of the expenses mentioned in the AG's report when it was received by us. He informed the board that all of the expenses relating to him were legitimate business expenses.

On a monthly basis, I as chair reviewed and approved the former CEO's expenses and was always presented with legitimate business expenses. A more detailed review of the expenses of the assistant, undertaken after the CEO's departure, determined that—with one exception, and that is, certain transportation expenses for which the former CEO has now reimbursed the company—the expenses relating to the CEO were in fact business expenses. The problem was that the business expenses in question should have been dealt with either on his card or through other methods of payment. Nevertheless, this should never have happened.

We have since established a procedure to ensure that this will not happen in the future. From now on, sub-ordinates' expenses will be approved by their superior's superior. In this case, it means that expenses of the assistant to the CEO will be reviewed and approved by

We have made one other change in this area. Currently the finance department reviews expenses for the chair and the CEO every six months and reports to the audit and finance committee of the board. Annually, the expenses of the chair, the CEO, the CFO, the general counsel, and one randomly selected direct-report to the CEO have their expenses reviewed by our external auditor, who, in turn, provides a report on findings to the audit and finance committee. The expenses of administrative assistants will now be reviewed and audited in the same way.

The fourth question members may have is: Why didn't the board resign? While we certainly take the AG's report very seriously, its key finding was that we needed

to strengthen compliance procedures, not that the company was managed inappropriately. The extensive external oversight to which we are subject bears this out.

The resignation of any CEO, under any circumstances, creates issues of instability in an organization. We had a fiduciary and duty-of-care responsibility to ensure stability for the company to the greatest extent possible in a transition period. I believe we made the right decision. The credit ratings and the operations of the company have not been affected by the CEO's departure, and the transition with the acting CEO has gone smoothly.

Finally, I'll turn to a question some may wish to ask: Why am I still here? I want to assure you that I take absolutely full accountability for everything that has happened on my watch. After 37 years of serving the province in a variety of capacities, my ethic is to fix problems, not to walk away from them. In that regard, I want to repeat that we have accepted all of the recommendations of the Auditor General's report. The board has approved new policies and reviewed procedures to ensure compliance throughout the company. We have been implementing a number of these changes for several months.

As all members know, our company is wholly owned by the province and we manage this company on behalf of the people of Ontario. We understand that we operate a public trust and are expected to be stewards of this asset.

Hydro One is a public debt issuer. Annually, we borrow in the range of \$500 million to \$750 million without provincial government guarantee. As a result, we are the only publicly owned energy entity in Ontario that is subject to the strict financial control and disclosure requirements of the Ontario Securities Commission and the tough scrutiny of rating agencies. We are also audited by external auditors and have had extensive reviews of expenditures and operations by the Ontario Energy Board. Now we are subject to value-for-money audits by the Auditor General, and we welcome that additional scrutiny.

A lot has been accomplished at Hydro One on behalf of ratepayers, such as our focus on cost savings and productivity. Over the past five years, cost reductions at Hydro One have been significant: approximately \$400 million over the period. At the same time, our capital investment in both our transmission and distribution systems has been in excess of \$2 billion. We are getting more work done at a lower cost.

These productivity gains were achieved while at the same time achieving top-quartile safety performance compared to North American transmission and distribution companies. During this same period, the company also improved customer satisfaction. For large customers, our satisfaction rate went from 46% in 2002 to 86% in 2006; for medium-size customers, satisfaction has risen from 74% to 85% over the same period; and for individual residential customers, satisfaction has risen from 78% to 83%. This is a record that any company can be proud of and, we hope, one that will not be lost in the aftermath of the Auditor General's report.

I will now turn it over to Ms. Formusa, who will give you a few key examples of actions already taken to implement new policies and procedures at Hydro One.

Ms. Laura Formusa: Thank you, Ms. Burak, and thank you, Mr. Chair, for the opportunity to address this committee.

As Ms. Burak mentioned, I'd like to share with the committee members some of the key actions that Hydro One has taken to ensure compliance with our policies in accordance with the recommendations of the Auditor General.

Let me state at the outset that Hydro One fully supports and appreciates the work of the Auditor General and his staff in completing its first value-for-money audit of Hydro One. As the chair already stated, we take the findings and recommendations of the Auditor General's report seriously.

The report made 13 recommendations, and we have accepted and implemented every one. I expect we'll have an opportunity throughout the meeting today to explain the detailed actions we've already taken to implement those recommendations.

0950

The measures we've put in place are squarely aimed at addressing the issues of internal control and compliance at Hydro One. Since being named acting president and CEO, this effort has been my primary focus. Our shareholder and our customers expect and deserve transparency and accountability in all of our internal controls.

You will note that the Auditor General stated in his report that their objective was to "assess whether the corporation had adequate systems and procedures in place to ensure that goods and services were acquired with due regard for value for money and in compliance with corporate policies and sound business practices." Those systems and procedures are now in place.

I'd also like to read to you from the report's summary

findings:

"We found that Hydro One generally had adequate policies in place to help ensure that goods and services were acquired with due regard for value for money. However, systems and procedures were not adequate to ensure compliance with corporate policies." Again, the necessary changes have been made at Hydro One to ensure compliance with those policies.

It's important to note from the outset that the issue here is one of compliance with our own internal policies, rather than findings of inappropriate spending. The actions we've taken specifically address the compliance issue and also ensure that our policies and procedures allow for the best business decisions to be made.

Hydro One, as you will know, is a large, decentralized organization focused on getting the job done. As we move forward, it will also be important to maintain our focus on proper documentation and adherence to internal policies and procedures. Our focus is and should be reflective of our role as stewards of the province's electricity grid. We must continue to run an efficient operation and, at the same time, ensure complete accountability to Ontarians.

It's also important to note that as a reporting issuer under the Securities Act, Hydro One is subject to the requirements of Bill 198. Bill 198 and related legislation require the company to document, test and ensure the design effectiveness of our financial control framework. We've completed our Bill 198 implementation and, as CEO, I will be certifying compliance with Bill 198 requirements, along with my CFO, in accordance with Ontario Securities Commission regulations. This certification will be publicly filed, as are all of our financial documents. This process is meant to ensure that effective controls around financial reporting are in place, and it complements the actions we're taking in response to the Auditor General's report.

Turning to that report, I'd just like to focus on three of the recommendations in my opening remarks, and we can

get into the others during questions.

First of all is recommendation number 5, regarding managing and controlling the purchases of goods and services. In responding to this recommendation regarding our procurement activities, we have undertaken the following actions:

First, once we had identified that there were documentation issues, we did a full review of our procurement files to ensure that the documentation was in place. We've also put in place processes to ensure that all purchase order files and major vendor files will be properly documented. Second, we've established a compliance group to monitor our progress and ensure compliance with our policy. We revised our policy to reflect the needs of our business. Finally, we've reinforced our policy through detailed communications to our employees in order to drive a culture of compliance at Hydro One.

Turning to recommendation 8, which dealt with corporate charge card purchases: With respect to improving the administration and control over the corporate charge card program, we've taken these actions:

In all instances, sufficient documentation is required to support business expenses. This policy has also been reinforced through communications to employees. We've reinstituted our practice of sample compliance audits, which we had temporarily suspended in 2005. We've centralized the role of the local charge card co-ordinators. This group is responsible for receiving the charge card reports in a timely fashion. Finally, new reporting and monitoring has been established so we can effectively cancel inactive charge cards.

Finally, on recommendation number 12, which dealt with business expenses and employee recognition, we've undertaken the following:

We've reinforced our policies in this area with employees through further communications regarding our expectations around the proper support required for business expenses. We created a compliance group to monitor our progress and ensure compliance with policy on an ongoing basis. We've established clear guidelines on corporate expectations for various expenditures. We've revised our policy on business expenses so that, as

Ms. Burak said, the expense reports of administrative assistants are approved by their boss's boss. Finally, we've subjected the expense reports of administrative assistants to senior executives to the same rigorous review and audit process as the senior executives' reports themselves.

Once again, I'd like to thank the Auditor General and his staff for their report and its important findings. Hydro One takes these recommendations very seriously and has strengthened its policies and procedures to ensure that compliance and accountability are firmly in place at Hydro One.

I am proud of the company's dedicated response to these recommendations. I am also proud of the great achievements of our company over the last several years. As the stewards of what is a great public asset with over 100 years of history, we will continue to build, operate and maintain the system with dedication and focus.

We are counting on the continued support of our employees and the bargaining units to help the company meet its objectives. In this regard, I'm pleased to note that the Society of Energy Professionals and Hydro One management have formed a joint problem-solving committee with the assistance of the chair of the Ontario Labour Relations Board to work on improving our relationship. I am optimistic that we will make important steps forward in renewing that relationship.

We also understand that our customers and indeed the general public expect that Hydro One be managed in a responsible manner, respecting the public trust placed in us to ensure safe and reliable delivery of electricity at reasonable cost. We have worked diligently to achieve that goal. You have my commitment that we will continue to work hard to ensure that trust.

Finally, Mr. Chairman, I'd like to thank you again for the invitation to attend this committee. We appreciate the opportunity and look forward to answering any questions that you may have.

The Vice-Chair: Thank you all for your presentation. We will start the questioning. I just have one question: As we were reading the auditor's report and listening to the explanation, and now the presentation this morning, I personally get the feeling that the processes were all properly in place; it just wasn't administered properly. So if nothing needed changing other than that we needed to follow the rules, how do we explain now that we've put more processes in place, but what have we done to impose the culture of following the rules within the organization?

Ms. Formusa: With respect to the culture, it's going to be a number of steps that will follow from the procedures we've put in place. You're quite correct to say, and the Auditor General noted, that the policies were in place. In fact, procedures were in place but they weren't tight enough and, frankly, we weren't all abiding by them. So with communications to employees, I'm confident in reinforcing those messages and, with the compliance monitoring, which is a new feature, I'm confident that we will not be seeing the repetition of some of these findings.

The Vice-Chair: Thank you very much. With that, we'll start with the government—with the official opposition side with the questioning.

Mr. John Yakabuski (Renfrew-Nipissing-Pembroke):

Never correct a good idea, Chair.

Thank you very much for joining us this morning. I'll begin by congratulating Ms. Formusa and Mr. Wallace for their recent appointments.

First, I want to ask Ms. Burak: You touched on the issue of why the board did not resign. That's not my question. But the terms of the board, or at least the vast majority of them, expired December 31. Am I correct and has the board or all or some of them been reappointed? I know there's a certain amount of grace period that is allowed, but perhaps you could enlighten us on that, please.

1000

Ms. Burak: The board is reappointed every year by the shareholder. The last appointment date was around the end of December, 2005, but according to the rules of, I guess, the securities commission and the Business Corporations Act, the shareholder has a period of up to 15 months to in fact confirm board appointments. So I guess March 31 would be the final date.

Mr. Yakabuski: So at this point we're still in that interim period, that grace period.

Ms. Burak: That's correct.

Mr. Yakabuski: No members of the board have been reappointed then at this time?

Ms. Burak: No.

Mr. Yakabuski: Thank you. I want to pick up a little bit on what the Chair spoke about. We recognize and appreciate that the board has accepted all of the recommendations of the auditor's report, which is a good start. But the old saying is, "The proof is in the pudding." We won't know how well these new procedures or policies have worked until we actually have another look at the situation sometime down the road when those can be evaluated. The issue, as the auditor has said, is not the fact that Hydro One was weak on policy. In fact, he was actually quite impressed with the policies that were in place and the fact that those policies, if followed, would not have led us into the situation that we're in here today. So it is a question that it doesn't matter how good the policy is; it's in the implementation that the true fruits will be borne.

In all fairness, regardless of the undertaking you're making today or since this report has been issued, we're not in a position to judge that implementation. We're really here to question what went on prior to that, because that is what prompted this hearing in itself—the fact that those procedures were not adhered to prior to the issuance of this report—and it would seem the only step that could be taken to strengthen those procedures and policies in light of what we learned about in the auditor's report.

I want to talk about the resignation of the chief executive officer first. I use that word "resignation" because that's in fact what did happen. According to our under-

standing of the contract, if the CEO was fired without cause, he was entitled to the compensation package that he received. You did talk about the fact that, jointly, you both agreed that the continuance of his tenure was not something that the corporation saw as an option. He saw it himself and chose to resign. There was no termination.

Given the fact that you also said "some of the expenses" and you used the words, "well, most of the expenses." even though they were dealt with in a wrongful way from an accountability point of view—and we'll get into a little more of that later—some of the expenses you described yourself as being illegitimate and the CEO was forced to repay those out of his own pocketbook. Given those circumstances and the fact that there was a \$3-million severance at hand, I'm not sure—and I'm not an expert on these things. I don't know if the CEO could have been terminated with cause, but it certainly gave him reason to tender his resignation. Given the fact that his resignation was tendered, why would we then feel compelled that he was entitled to—why would you feel, I guess would be the question; I don't want to be necessarily included in that. Why would you feel compelled that he should be compensated to the tune of, as you said, approximately \$3 million?

Ms. Burak: As I indicated in my remarks, the board did agree that his departure would be in the best interests of the company. In discussion with the CEO, he elected to resign so that his presence would no longer be a distraction for the organization. He was not fired for cause; there were not legal grounds to dismiss for cause; and, given that there were not legal grounds for dismissal for cause and that his departure would be in the best interests of the company, we as a board applied the severance provisions of his contract. The ability to do that for the company was quite broad, that we could, without notice and without cause, sever his employment relationship for any reason whatsoever. But if you do that, the severance kicks in.

Mr. Yakabuski: Thank you. By the way, maybe I'd better ask, what is the time on the rotation?

The Vice-Chair: Twenty minutes for each party.

Mr. Yakabuski: Twenty minutes. Thank you.

Mr. Richard Patten (Ottawa Centre): You've got two minutes.

Mr. Yakabuski: My God, it flies by, doesn't it?

You said he was not fired for cause—we know that—and that there was no justifiable reason to do so. I guess I would ask the question, because some people out there would be asking: If an employee working out of the station at Calabogie or wherever was found to have submitted illegitimate claims on their corporate credit card, would that be cause for termination?

Ms. Burak: It's hard to get into theoretical situations, but I do know, based on—

Mr. Yakabuski: But you specifically said that those were not—

Ms. Burak: I understand the gist of your question, and based on the legal advice that I have and the precedents that I've seen, I don't believe that would be an

issue of cause. I'm trying to deal up front with a question that I know the general public and members face when they go back to the ridings. This was an extraordinary set of circumstances. I'm trying to be totally candid with you and say that the board and the CEO both agreed that his continued employment would be a distraction for the organization, that the best thing for the company would be for him to depart and, in light of all of the circumstances, applied his severance provisions.

Mr. Yakabuski: I have no question, Ms. Burak, that you're being completely candid with us, but I do want to ask that question again about the legitimacy of certain expenses. Because as people who represent the people of the province of Ontario in the Legislature, I think we have a responsibility as well, and they have an expectation of us. I think it's a fair question: If someone is guilty of submitting illegitimate expenses on a Hydro One credit card, is that or is it not justifiable reason for termination of employment?

Ms. Burak: In the advice that I've received, no, it is not. One also has to take into consideration the other accomplishments or the full range of work undertaken on behalf of the company. But again, in this situation, termination for cause was not what could be done.

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Mr. Yakabuski: Some people would describe it, when you put illegitimate charges on a credit card, as stealing. When I worked for Ontario Hydro many years ago, I was point-blankly told that one thing that was absolutely not tolerated in the corporation was stealing. Whether or not you're stealing a widget or you're submitting illegitimate expenses—which may or may not be found, in fairness—some people would use the same word to describe those. Does Hydro One have a policy that if an employee is caught stealing, that is cause for termination?

Ms. Burak: Let me state that it doesn't matter at what level you are in the organization; everybody should follow the rules. I would defer to Ms. Formusa with regard to matters handled below the executive level, if there's anything she wants to add.

Ms. Formusa: It's clear that corporate assets have to be treated responsibly, and theft is not tolerated. But—my former role as a lawyer—everything is circumstantial. We've terminated employees for theft in the past. They've been reinstated by either arbitrators or the courts; it really does depend on the circumstances.

I think the primary focus is that corporate assets should be treated responsibly. Theft does not fit with the proper treatment of corporate assets.

Mr. Yakabuski: Thank you very much. We may come back to this, but I want to get down to the use of the corporate credit cards. That's one of the things that seemed to trigger a great deal of the concern on the part of the Auditor General. Purchases were about \$163 million last year on corporate credit cards, and again, it comes down to the issue of accountability. If I was the bearer of a Hydro One corporate credit card, would it be issued in my name or in joint names? Would the words

"Hydro One" be on the credit card or would it be in my name. John Yakabuski?

Ms. Beth Summers: There would be a logo on the card with Hydro One on it. However, your name would be on the card.

Mr. Yakabuski: So it doesn't say "Visa" on it or anything? It's just a Hydro One card and it's acceptable—

Ms. Summers: No, it's a MasterCard.

Mr. Yakabuski: So it's a MasterCard that has the Hydro One logo on it, and my name would be on it. So the monthly statements then would be sent directly to the office of Hydro One?

Ms. Summers: They would be sent to the office of Hydro One in the name of the person who holds the card.

Mr. Yakabuski: Right. So what was the expectation, then, on every line item that there must be—the statement, because it's coming from the credit agency, yet the individual would be collecting those invoices, correct? The individual themselves would be the one to receive the invoice when they make the purchases on that credit card, correct?

Ms. Summers: Yes. Anybody making a purchase on a corporate card would have that corporate card, would make the purchase, and policy requires that that individual would have the receipt and would document the business purpose behind that, which would be attached to the statement. Then the next part of the approval process would be that their superior would approve those expenditures.

Mr. Yakabuski: So it would have to be attached to the statement? So the statement would have to come to

the individual first, then?

Ms. Summers: Yeah. You would receive the statement in the mail—

Mr. Yakabuski: The individual would receive the statement?

Ms. Summers: Yes. As an example, I do have a corporate card. For my corporate card, on a monthly basis, I would receive in the mail in my office my corporate card statement. From that corporate card statement, every time I would make a business expense in accordance with my role at Hydro One—so if I incurred any business expenditures I would have that receipt. When I got that statement in the mail, I would take the receipt, identify—document—what that was and attach it, and then I would have a cover sheet also.

Mr. Yakabuski: And what would be the policy if the employee did not have a copy of the receipt? They're out in the field; they're picking up supplies. They may be at Canadian Tire, for example, and pick up a number of hardware-related items or implements or whatever that may be required to do some work, and in the hustle and bustle of the day, getting the job done, that receipt goes missing. What would be the expectation from the supervisor in a case like that?

Ms. Summers: The expectation would be—first, you would attempt to get a copy of that invoice. There may be instances where, if it was, say, in accordance with doing some sort of work you were staying at a motel or a

hotel—you would attempt to get a fax copy or a duplicate invoice receipt, to attach that. If that was not possible, the expectation would be that it would be flagged with the supervisor, and the supervisor would initial and identify the fact that they were aware that there wasn't a receipt in place. That is how the procedure works.

Mr. Yakabuski: So they're aware there's a receipt not in place. I'm just going to throw up a hypothetical situation. You go in and you buy a number of small items. They go through a cash register. There's no written receipt. I'm not sure of the capability of the business to necessarily duplicate that receipt 30, 60 or 90 days down the road. If you simply make a note, well, you could have a lot of notes on your file. You may not have many receipts, but you could have a lot of notes. At some point, is somebody taken to task and told, "Look, this is an unacceptable pattern"? There's a pattern of purchases that are not accompanied by a receipt. A note by a supervisor—where does it go beyond that?

Ms. Summers: The expectation would be that that would happen in a rare circumstance, that that wouldn't be something common. If it was happening on a common basis, the expectation would be that the supervisor would identify that and it would be factored in going forward whether or not the individual had the ability to use a card going forward.

Mr. Yakabuski: How much time?

The Vice-Chair: One minute. It will come around again.

Mr. Yakabuski: You were right the first time, Richard: It does fly by.

The issue of cash advances: Under what circumstances would an employee of Hydro One require cash advances? I mean, today, hell, there are more places you go where they don't accept cash than places that accept cash only. I'm wondering under what circumstances and what reasoning—what accounting safeguards are in place? There are, unfortunately, opportunities for misuse. That goes with anything when there are a lot of transactions taking place. What is the justification, the reasoning or the science in the thinking behind allowing cash advances?

Ms. Summers: There are some instances where cash would be used and would be required. The cash advance feature is often used for reimbursement. I'll take the example, again, back to my corporate card usage. There would be instances when I would have to travel for purposes of work and I would incur mileage. As a result of that mileage, there is a corporate established rate, and I would be reimbursed for the mileage. In addition, one instance where typically you would end up using cash would be for a short cab ride within a downtown area or something in the range of \$10. On an ongoing basis, there would be a cash-use report for those cash expenses. The cash-use report would identify and tally up those amounts, and there would be an amount owing from Hydro One to the individual to reimburse for those business expenditures, and that would be what the cash advance feature would be used for. An example again would be, at the end of the month, say there was \$50 which was a required reimbursement because those expenses had been incurred. Then the cash advance feature would be used to withdraw the \$50.

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Mr. Yakabuski: I understand that-

The Vice-Chair: Thank you very much, Mr.

Yakabuski. Mr. Hampton.

Mr. Howard Hampton (Kenora–Rainy River): I would like to address my questions to Ms. Burak. I think you'd admit that the issue of pay, bonuses, perks, expense accounts for the executives at Hydro One is certainly not a new issue or a new revelation.

Ms. Burak: Help me with the context of your ques-

tion, Mr. Hampton.

Mr. Hampton: Let me take you back to 2002 and Eleanor Clitheroe, where the issue of pay, perks, bonuses, pensions, expensive cars, I think \$58,000 in limousine billings, mortgage subsidies—all those issues were raised then. Is that not correct?

Ms. Burak: A number of issues were raised in 2002,

yes.

Mr. Hampton: In early 2006, the then energy minister announced to the people of Ontario that she had called for a review of the generous compensation packages awarded to public service executives in the province's power sector. She referred to pay, bonuses and other perks. She said that she was going to require the boards of the different hydro entities to meet with her to examine this situation. So this was again an issue a year ago.

I guess the question I want to ask, then, is this: If this issue was raised in 2002, if this issue was raised a year ago—and I'm speaking specifically of Mr. Parkinson here—and the boards of the different hydro entities, Hydro One being one of them, were told, "Sit down with the Ministry of Energy officials, look at what you're doing, examine the situation," why do we still have this

kind of scenario happening?

Ms. Burak: On the issue of executive compensation, you are correct that the former Minister of Energy raised the issue with all of the companies and agencies, and I believe each one of us met with her and took her through the background of how executive compensation was arrived at. In the case of Hydro One, we were able to outline changes that we made in 2002; for example, eliminating the long-term incentive program; lowering the quantum on short-term incentive pay. I can only tell you that in terms of direction and something that we are paying absolutely full attention to is the fact that the government has now established an external panel that will presumably get to the heart of the matter. As I indicated in my remarks, the panel is asked specifically to look at public sector comparators as it reviews compensation issues in all of the companies and agencies.

Mr. Hampton: I'm more interested, though, in going back to the fact that this is hardly new stuff. When I read the auditor's report, I thought to myself, "Not much new here. This has been raised before, or elements of it have

been raised before." Elements of it were raised with respect to Ms. Clitheroe. Elements of it were raised earlier with respect to Mr. Parkinson, the use of a corporate helicopter, whether it was justified, whether it was for corporate purposes or business purposes; the pay package, what the elements of the pay package were, what the perks were, what the expense accounts were. I would have thought that since the issue was raised three times, a reasonable person would have expected that something would have been done then to ensure that expenses were appropriate, to ensure that things were being properly accounted for, to ensure that in fact your own policies were being followed. But it would appear that wasn't done. Why?

Ms. Burak: I'll speak to the three points I think you're making. First, with regard to compensation, I will repeat that in 2002, we did take steps to make changes to certain elements of executive compensation; for example, the elimination of the long-term incentive program. I also indicated that we've improved the comparators. But basically, for executive compensation at our company, and I believe the other energy entities as well, we use private sector comparators for compensation. That has been disclosed on an annual basis and for all of the other agencies and companies in the April 1 list.

With regard to expenses, I think we are acknowledging today that our policies were very good. We had some issues around compliance that we're dealing with, and we are making improvements to ensure compliance and to discover any problems relating to expenses early

on with the changes that we're making.

In terms of accountability, Mr. Hampton, I can again assure you that I take full accountability as chair and that we are doing everything we can to make sure that, going forward, policies are adhered to and that there won't be a repeat of the auditor's report when he comes back next time.

Mr. Hampton: I guess I'll repeat my question: Why did this take so long? These issues are hardly new. The auditor reported on some new details, but these issues are hardly new. They were raised in 2002. They were raised again with respect to Mr. Parkinson's use of the corporate helicopter, whether it was appropriate for him to use it to fly back and forth to his cottage. They were raised a year ago when the then Minister of Energy said:

"A \$1.5-million salary paid last year to the man watching over Ontario's electricity transmission grid will

be examined....

"Cansfield said she will sit down with the boards of Hydro One and also other electricity firms ... to see how executive salaries were determined....

"'Some fair explanation is reasonable,' said Cansfield."

I would have thought, with all those yellow lights, if not red lights, going off, that some thoughtful analysis would have been done, that there would have been some care taken to ensure that not only were good policies in place, but those policies were in fact being followed. But here we are now in 2007, and I think it would appear to a

reasonable person that despite the announcements to the press and despite the statement that things were going to happen, somehow this continued.

Ms. Burak: You raise an issue that was not in the Auditor General's report, and that was the use of helicopters. Let me respond to it.

Mr. Hampton: That was one of the early warning signs. That was one of the early amber lights.

Ms. Burak: I'll respond to it; I'm happy to respond to your question, Mr. Hampton.

Again, I will state, as I've stated with everything else, that the company's assets must be treated appropriately and should only be used for business purposes. I have no proof that the former CEO used the helicopter to go back and forth to his cottage. An issue was raised in our public agencies committee in September whereby the president went to a work crew on a weekend and made the judgment call to take his son in the helicopter. All of the assets of the company should be used appropriately, and I'm not going to defend or explain his judgment call.

On expenses, we were not sitting idle in light of issues that became a matter of public record in 2002. One of the reasons that my expenses, the expenses of the CEO, the general counsel and so on are reviewed by external auditors is that what we had found prior to that were some inappropriate practices. What we've now dealt with is the issue of the CEO or the assistant to the CEO putting certain expenses on her card that should have either been done through other methods or the CEO's card.

I'll give you one example. Apparently, there was a meeting that was attended by 30 staff members, and normally in a government situation, if I were still a deputy minister and I had a dinner meeting with 30 deputy ministers, I wouldn't put that on my card. There would be some sort of an invoice. But in that instance, as an example, the cost went on the assistant's card.

These things should not happen, and we know that we have taken steps now to ensure that that will not happen going forward. I can only tell you that all of our efforts are focused on this. We take this very seriously. We're just as disturbed as the shareholder about the impact that this has had on the reputation of the company, and we want to do everything correctly going forward.

Mr. Hampton: I want to be sure I heard you, that the way these expenses were accounted for was inappropriate, that these were inappropriate practices. I think that's what you said.

Ms. Burak: I said that there were some expenses that were paid where the method of payment, putting it on the assistant's card, was not the way it should have happened.

Mr. Hampton: It was an inappropriate practice.

Ms. Burak: An inappropriate practice, yes.

Mr. Hampton: Okay. So I think what I've heard you say is that despite the warning bells of 2002, despite the warning bells of 2005, despite the Minister of Energy being forced to call the chairs of Hydro One and the other hydro utilities together to look at this issue of executive

pay, executive salaries, bonuses, perks, that inappropriate practices continued in this case.

Ms. Burak: In this one instance, and in the other instances that the Auditor General found in our company—and I know we were not the only entity reviewed—yes, there were compliance lapses.

Mr. Hampton: We're going to get to the other ones later on.

Ms. Burak: There were compliance lapses, and we are fixing them going forward.

Mr. Hampton: I want to ask you this. If I'm a Hydro One employee, and we're all agreed that Hydro One has, as the auditor says—I think it's on page 161: "Hydro One generally had adequate policies ... to help ensure that goods and services were acquired with due regard for value for money." So I'm a Hydro One worker. I've got a list of rules and procedures. I'm told I must follow them. And then I listen to the news the next morning and I find that the head of the organization, the person who is supposed to provide leadership, direction, guidance, is not following the rules; in fact, has put \$40,000 of expenses that should have been accounted for by him on an assistant's credit card. Do you think that person, the chief executive officer, can, from a perspective of leadership, direction, continue as the chief executive officer in that situation?

Ms. Burak: All of the rules and procedures and policies in the company, of course, have to be followed by everyone, whether you're on the line or you are the CEO.

Mr. Hampton: I've heard all of you talk about how you'd want to be compared to a private sector corporation because that's how you were set up. It wasn't long ago that the head of Boeing told all of his people in that corporation that they had to conduct themselves ethically, and then it was found, I guess by some sleuth in the media, that he was having an affair with another person in the corporation, and he was forced to resign. He could not continue in a position of leadership, he could not continue to provide guidance and direction to other employees in the organization when he himself was not conducting himself that way.

So you're a private sector company, or at least that's what I've heard you say here today. Mr. Parkinson was not conducting himself according to the appropriate accounting practices of the corporation. He was not conducting himself and his own personal expenses according to the rules and procedures that were set down that were to be followed by all people in the organization. In your judgment as chair of the board, could Mr. Parkinson continue to lead the organization, given that scenario?

Ms. Burak: First of all, Mr. Hampton, if I may just be more precise about my comment on the private sector, what I said was, we know that we are wholly owned by the province, and I made a reference to the private sector when I said that our compensation comparator for executive compensation is essentially the private sector. Although in fact it is a mix of public and private sector, it's predominantly private sector.

To your second question, as I indicated in my remarks, the board agreed that it would be in the best interests of the company if the former CEO were to leave the company, and that is what happened.

Mr. Hampton: So you agree he couldn't continue as

the chief executive officer.

Ms. Burak: The board, in discussion with the CEO—both agreed that his continuing as president and CEO was not tenable.

Mr. Hampton: So if his continuing as the chief executive officer was not tenable, just would not pass any reasonable person's test of "this is appropriate," why did

this person get a \$3-million golden handshake?

Ms. Burak: I think I will repeat again what I said at the beginning, and you may have a follow-on question. We agreed—the board agreed—that his departure would be in the best interests of the company and elected to honour the severance provisions of his contract, which allow the company, without notice and without cause, to end his employment, but in that case a severance would be paid. The CEO was not fired for cause. There were not legal grounds for cause.

Mr. Hampton: So the board elected to pay him \$3 million. It's your view that you were under no obligation to pay him \$3 million. You elected to pay him \$3 million.

Is that correct?

Ms. Burak: Those are the words that I used. Let me explain what I meant by that. Once it had taken the decision that his departure would be in the best interests of the company, the board had the right, under his employment contract, without notice and without cause, to terminate his employment for any reason whatsoever, in which case the severance provisions would kick in.

Mr. Hampton: But I think I already asked youaccording to the test of the reasonable person, I think you said that Mr. Parkinson could not have continued as the chief executive officer of Hydro One, that it would have been completely untenable to any reasonable person in Ontario who said, "Wait a minute. This guy, who's supposed to provide the moral leadership, the direction, the ethical conduct for the corporation, who's supposed to set the rules and enforce them, himself has been found to be not following those rules." The test of the reasonable person would mean he can't continue. I think I heard you say that you agree with that, that it was untenable for him to continue. Now, if it's untenable for him to continue, if he cannot provide moral and ethical and business leadership to the corporation, why on earth would he get a \$3million pay package to go out the door?

Ms. Burak: Mr. Hampton, I can only repeat what I've said. The board agreed that his departure would be in the best interests of the company. The board, under the provisions of his contract, had the right to terminate his employment without notice and without cause for any reason whatsoever. He was not fired for cause. There were not grounds for cause.

Mr. Hampton: I have one last question. The Vice-Chair: Howard, your time is up. Mr. Hampton: Okay, we'll come back.

The Vice-Chair: Thank you very much, Mr. Hampton, Mr. Patten.

Mr. Patten: Thank you, Mr. Chair. Maybe I can kick off for the government side. Some of my colleagues also have some questions. Welcome today, and congratulations to those of you who have recently taken on your challenging responsibilities.

I noted that you mentioned that this indeed was the very first time that we had a value-for-money audit by the Provincial Auditor. I listened carefully, Ms. Burak, to some of the issues you identified that you were responding to, but I am curious on this matter. While the auditor did say he had no disagreements with the policies of the company and that it was the area of compliance, the area of procedures that he identified as needing some correction—I will refer to part of his identification in his report, page 162, chapter 3. It's pretty straightforward. He says, "The corporation's internal audit department had relatively recently conducted a number of audits on procurement, which we found very helpful in determining the scope and extent of our audit work in selected areas."

Now, I'll come back to that in a moment, but I want to ask you some questions about internal audit. On page 164 he talks about how "the supply chain management group within Hydro One is responsible for implementing, monitoring, and enforcing compliance with procurement policies and procedures," which includes such functions as "ordering, receiving, and inspecting goods, as well as monitoring spending, verifying compliance with purchasing policy, and processing payments."

How many internal auditors do you have working in

the internal audit department?

Ms. Summers: I believe it's 17.

Mr. Patten: It's 17. The Auditor General had identified that there had just previously been an audit internally, so my question is: Why would they not have picked up some of the procedures that were identified by the Auditor General in some way or somehow with 17 internal auditors?

Ms. Summers: The internal audit department had identified some of the issues similar to those that were identified by the Auditor General. Prior to the Auditor General's report being issued, as an organization we had begun to implement some of the changes—specifically, I would flag the process around our approval authorities. We had begun implementing a new clarified authority register, which throughout the organization would be the guideline for who has the authority to approve for certain expenditures and how it links back to procurement and purchasing services. That would have been reviewed by the audit finance committee and recommended to the board for approval and approved by the board in late 2005. In 2006 in the organization, we were going through the process of rolling that out. As part of the rollout, we had to embed that in some of our information technology systems. That took some time. As part of that implementation, in addition we automated some of the controls which previously would have been manual and, as a result, strengthened the control environment. That was implemented throughout 2006.

Because we are a large, decentralized organization. some of these changes, as you roll out the training, take a period of time working through so you don't disrupt the workflow and the work continues as you're ensuring that people are aware of those changes and what that compliance is. So we were addressing some of those findings prior to the Auditor General's report, and yes, there were still instances of non-compliance which had been identified by internal audit previously, which was unacceptable. We certainly appreciate the internal audit findings as well as the Auditor General findings. We've taken that and reconfirmed, communicated again and reinforced with employees, and specifically took some additional steps to increase the resources in the areas around compliance. So we can use that as a means for additional training; ensuring that people are following it; monitoring it on an ongoing basis; tracking the progress; and, where there are still issues, we'll continue going forward to ensure that we keep getting at it.

Mr. Patten: So, in the case where actions have been taken, for example, of expenses being reviewed by the supervisor of the supervisor, to ensure that someone else isn't putting an expense as a charge for someone else's account—having said that, I can understand sometimes where that might happen, but to be explicit as to who's accountable for what expenses is really the principle that's important here. With the recommendation that was made by the board, are you saying that that had already been identified as one of the weaknesses of the system, or did it take the Auditor General's review to flag the issue?

Ms. Summers: The specific finding associated with the business expenditures—that had not, to my knowledge, previously been specifically identified by internal audit. As a result, it was after the Auditor General's findings that we altered that particular policy. We built that into the policy, the approval of the boss's boss for the administrative assistants throughout the organization, and, in addition, included it as part of the overall annual process for the executive administrative assistants' expenses, consistent with what the executive expenses would follow.

Mr. Patten: Would it be fair to say, being part of heading up internal audit for the company, that they must have felt a wee bit embarrassed, having not picked up a particular procedure that would be crucial to the integrity of the company? Following the work of the Auditor General, discussions obviously would have taken place with your internal audit department around what they in fact audit and to what extent and on what basis—it sounds like you in fact have moved ahead and you are dealing with this. An external audit review provides a different perspective sometimes. It can be helpful. You say you're going to deal with all the recommendations of the Auditor General. My friend Mr. Yakabuski says, "The proof is in the pudding." We'll see, in a year or two, or whatever the review period is, the application of the

panel review's recommendations, which I think occur at the end of March, and the response to that.

I'm satisfied that you're beginning to deal with this. Hopefully, the internal audit group is feeling the pressure to learn from this experience and strengthen their own capacities to provide the audit procedures in the company.

I'll pass it along to one of my colleagues. Mr. Flynn, you have some questions?

Mr. Kevin Daniel Flynn (Oakville): How much time is left, Mr. Chair?

The Vice-Chair: You have till 11:04.

Mr. Flynn: Okay. Thank you very much for your presentations this morning. Following up on my colleague's questions, I understand that the auditor came up with 13 major findings, and there's agreement by the organization that those findings were valid and should be acted upon. I think I've heard that right throughout. Could you provide us with some evidence this morning of things you have done to date, any sort of measures you may have taken to date, that would give us a good feeling that you are in fact acting upon some of the recommendations that have come forward from the Auditor General?

Ms. Summers: We have, as I previously discussed, set up specifically compliance organizations. We reinstituted some sample compliance audits around the corporate credit card usage. There are additional resources that have now been allocated to doing that on an ongoing basis. In addition to that, from a compliance standpoint, we have identified and added some resources associated with compliance work around the procurement of goods and services, looking at the overall policies and procedures. I will also add that the corporate credit card is just a method of payment. All purchases made under the corporate credit card are subject to the same policies and procedures that the overall procurement is.

In addition, we have sent out communications to all staff—they have come from myself—to specifically identify the keys areas of the policies where the problems were identified. That has been communicated and reinforced. We've been very clear on our expectations and sent communications out around the expectations, that we expect people to adhere to policy. Everybody, regardless of their position, is expected to follow policy, and we are going to be following that up.

In addition, we have looked at the policies to ensure that they reflect what we need to do as a business. We tightened up the policy around the business expenses, as we've discussed previously, around the approval of the administrative assistants by the boss's boss, and following the same processes for the executives on an annual basis. In addition, we looked at the overall procurement policies, and in areas where we identified problems, we also made adjustments and revisions there.

Mr. Flynn: Placing the Auditor General's report in some sort of context that I think would be of interest to the people of Ontario, in the organization itself, obviously some shortcomings were identified that you've

just outlined and that you're prepared to act upon and you are acting upon. The overall health of the organization compared to where it may have been at some points in the past: What have you done specifically to improve or increase your financial performance overall, so we can place some context on the recommendations that are coming from the Auditor General?

Ms. Summers: As an organization, we have certainly focused clearly on making it a better company through time, not just around control environment but certainly around performance. As an organization, since 2003, our net income has increased from \$396 million to \$483 million in 2005. In addition, certainly a core of our business planning process and overall activity is making sure that productivity is key, and we have focused very hard on where we could identify productivity areas to reduce costs going forward. We had identified, from 2001 to 2006—we've worked hard as an organization, and we have identified and actually achieved \$400 million worth of savings. Certainly we've had stable and strong credit ratings, which have allowed us access to the debt capital markets, and we certainly enjoy the ability to raise 30year debt, and we've even been able to raise, in certain circumstances, some 40-year debt, which gives us the ability to match the debt that we're issuing to our longlived assets.

Mr. Flynn: What would these productivity improvements mean to the people of Ontario? How would they see them manifest themselves?

Ms. Summers: It would reduce the overall costs of our organization. So for the purposes of establishing our rates, the costs to do the work, to run the system and to have a safe, reliable system would be less.

Mr. Flynn: People have talked about the overall health of our transmission systems in the past. Concerns have been expressed. Looking to the future, there was a hope that that transmission system would be expanded, that it would be improved. Can you give us any indication that the performance of the company to date isn't allowing that to happen? That seems to be a major concern of people in Ontario.

Ms. Formusa: And we agree with that. We are very cognizant of the importance of that system to the province's health. But as we all know, it is an aging system. Consequently, we've directed a lot of our efforts over the past five years to rejuvenating, refurbishing and constructing new transmission, up to about \$2 billion in investment to date. Approximately another \$2 billion over the next two years is planned for the system. We've constructed the major transformer station at Parkway up in Markham, which was key to the closure of the Lakeview fossil plant down on the lakeshore. We've almost completed the Niagara reinforcement transmission line project, up from Niagara Falls, to allow us to import more from the US. We've improved the interconnection capability at Michigan, with our neighbours there. We've begun construction of the new transmission line connecting us with the province of Quebec, which is a significant project in that it now enables the two provinces to

actually exchange electricity. We're not synchronous. This line will enable the provinces to be synchronous and we can import from or export to them, which, following the ice storm back in 1999, I believe it was, we found to be a bit of a problem in that we weren't able to. They in particular found it difficult.

So we've got quite a number of major projects dealing with what we consider to be an important asset to the province, and we look forward to several others.

I'd just mention quickly that the Ontario Energy Board has approved a couple of projects recently, one up in the Stayner-Barrie area to improve the reliability there and another one in north Mississauga, west Brampton: Hurontario. We have a few projects in the works.

Mr. Flynn: You mentioned the ice storm. I think we all learnt some lessons from the ice storm. And 2006 wasn't the best year for weather either; we had some pretty major storms that went through the province of Ontario, causing some disruption for some people. Did you get any learnings from the ice storm or from other procedures that allowed you to respond in 2006 to some of the weather we had? How would you typify your response? Was it good, poor, about average?

Ms. Formusa: Mother Nature—and I think we're going to find out today—is always unpredictable and something we have to deal with. It doesn't matter the season. We would have thought this past summer would be relatively quiet, that we might have to deal with the heat, but Mother Nature dealt us three storms in a row. Based on the learnings from the ice storm, although it was a different type of weather phenomenon, we improved our ability to respond to emergency situations. We set up an organization within the company to do that. That organization and those procedures are deployed each and every time there is an emergency-sorry; an event. We categorize the level of emergency depending on the devastation that's occurred and the number of customers who are out of power and we deploy the necessary resources in each and every case.

I would say that definitely this past summer what we learned in the ice storm and, unfortunately, what we've had to put into practice almost every year since then has stood us in excellent stead. I can only once again say that our employees pulled us through, as did our neighbouring local utilities, who also came out and helped us. We should not forget them. Finally, our efforts were recognized by none other than the Edison Electric Institute recently. We were the first Canadian entity to receive a storm restoration award, or any award, from that institution. I think that speaks volumes for how our work is viewed by our peers throughout North America.

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Mr. Flynn: This would be the first opportunity that members such as myself and others on the committee would have to gain the insight into the organization that's been provided by the Auditor General's report. Obviously, the exercise has brought to the forefront some issues that needed to be dealt with. From a management perspective, was this something you found to be of some value despite the findings?

Ms. Formusa: Yes, absolutely.

Laughter.

Ms. Formusa: I would have said it even if the Auditor General weren't here.

Mr. Jim McCarter: I can leave the room.

Ms. Formusa: There's no question that we had our moments. I think it's fair to say that whenever one is being audited, there's always an exchange of views on what is a good procedure or a good policy, and we certainly had a healthy exchange of views with the Auditor General and his staff. There's no question that we learned from that experience. We've shared some of those learnings today. We do have a very capable internal audit group, but it's clear that the particular focus that the Auditor General brought on the procurement of goods and services was something that they were able to deal with in far more depth than we previously had done ourselves. No question: We learned a lot, I think they learned a lot, and we've shared those learnings with everyone here today.

The Vice-Chair: Thank you very much, Mr. Flynn. Ms. MacLeod?

Ms. Lisa MacLeod (Nepean-Carleton): Thank you, Chair. I will be ceding part of my time to our energy critic for the PC Party, John Yakabuski.

In the meantime, I have a couple of questions with respect to blanket purchase orders and the lack of value for money when it comes to blanket purchase orders. In reviewing the report, you can draw the conclusion that in far too many instances, the BPO was not established through a competitive procurement process. There is no time frame for the BPO, and in many cases the price tag for the BPO was the same as a non-competitive rate.

In 2006, Hydro One had approximately 1,000 BPOs for materials, contract staff and consulting services. The auditor identified several areas of concern. Some of the BPOs had been in effect for more than 10 years. In one instance, in 1996 a BPO had been established at \$120,000; it was revised 39 times, and by 2006 that BPO was worth \$6.7 million. That is over a 50% increase. Approximately one quarter had no stated maximum, and another 700 had been altered in terms of the original maximum values or effective terms. In one case, one of the BPOs was worth up to \$250 million. With that in mind, I'm wondering if you could update us with the current management guidelines for BPOs and, in doing so, if you would be able to explain to us how one BPO could be worth \$120,000 in 1996 and grow to \$6.7 million in 2006.

Ms. Summers: Hydro One policies require that the procurement of services and products occur in an open, transparent and fair basis, with due regard for value for money. Clearly, the findings that the Auditor General identified were unacceptable. What we've done is address those through clearly establishing a plan, having fixed end dates around the blanket purchase orders, going to market on a rational basis through time. Looking at those, identifying the highest-risk, which were in negotiations, we have re-established blanket purchase orders

for many of those that would have been identified as not having fixed end dates. We have a process in place where, on an annual basis, blanket purchase orders would be tendered, in accordance with the procurement procedures, based on size. That process is now in place and functioning. In addition, we've set up a compliance department so we would be aware of these.

The blanket purchase orders was one of the areas where, prior to the Auditor General report being finalized and issued, we had begun addressing that because it was clearly unacceptable and as an organization we wanted it fixed

Ms. MacLeod: Thanks. Just to correct Hansard, I meant a 50 times, not 50%, increase from \$120,000 to \$6.7 million. I'm just wondering if you could shed some light on which company it was that you had a BPO with over this 10-year period that was revised 39 times, 50 times the expansion. It's right here in the auditor's report on page 162.

Ms. Summers: I believe that particular blanket purchase order would have been with Lockweld, and that would have been for some steel parts. For that one in particular, my understanding is that the purchases that were made—we had blanket purchase orders with more than one organization, and when purchases were made on that blanket, there were quotes received. Unfortunately, the documentation was not sufficient to go through and identify on an ongoing basis. A blanket purchase order isn't the place to be doing the quotes and putting it in one place versus the other, so we have stopped that practice. That particular BPO has been remarketed and, going forward, it would be renewed on an annual basis.

Ms. MacLeod: How much of a bill do you think the taxpayers footed in terms of a percentage increase because of that BPO and it wasn't being competitive and it wasn't tendered out to the public? Have you followed through on that?

Ms. Summers: Because of the quotes associated with those particular steel parts and a specialized function they had, when I had discussions with procurement, there wasn't a concern that we weren't receiving competitive prices. That being said, it shouldn't have happened. We did address it and we did deal with it going to market going forward.

Ms. MacLeod: I'm very unclear as to how you could be spending \$120,000 10 years ago and it was \$6.7 million. What caused this massive jump from one price to another?

Ms. Summers: The increase to the \$6.7 million would be through time, so over the 10 years it built to \$6.7 million. It wasn't that there would be an amount of \$120,000 purchased in one year and \$6.7 million was purchased in another year. The \$6.7 million would be the through-time amount on that particular blanket purchase order.

Ms. MacLeod: Okay. Just to conclude, are there any other changes made to the BPO process that this committee should be aware of with respect to competitiveness, pricing and any guidelines for amending future BPOs?

Ms. Summers: The one comment I will add is that the blanket purchase orders—we are being clear we're complying with policy, and the policy itself was identified as "with due regard for value for money." Going forward, we will be compliant.

Ms. MacLeod: Okay. Thank you very much, Chair.

The Vice-Chair: Mr. Yakabuski?

Mr. Yakabuski: We're going to go a little easier here, because I recognize you need a break after that rigorous grilling you received from the parliamentary assistant to

the Minister of Energy.

Going back to the cash advances, I'm not sure if we were on the same page on that one. Maybe I have an incorrect view of it or an incorrect understanding of it, but you might be able to help me with that. I understand if a staff member or a manager or whatever of Hydro One has previous plans to go to some conference or something and they're given a cash advance because there are likely to be some out-of-pocket expenses that they know they're going to incur, so they've been given a cash advance-it seemed to me that's what you were explaining—and then there'd have to be an accounting of how that cash was spent. But my understanding is also that people who have these corporate credit cards can actually get a cash advance on the credit card. This is not something that—"I know I'm going to be at an energy conference in Tulsa, Oklahoma" or whatever, "so I need a cash advance. I need some pocket money." There also appears to me to be the ability for that person to go to a bank or bank machine and get a cash advance and then deal with the issue of accountability afterwards. I would have to ask, and I think the people of Ontario would like to know: What is the basis for allowing a cash advance on a credit card? Is that in fact an option available to them?

Ms. Summers: The corporate credit cards do, many of them, have a feature of cash advances. That was in fact one of the findings the Auditor General's report had, and the comment was that we should reassess cash advances, the ability to have cash advances on all of the cards, and ensure that only on those cards where we did an effective risk-versus-benefit-to-the-company analysis would we allow that on those cards. That is a process which we are doing and establishing.

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The cash advance is the process we use, with the card, to reimburse people for their cash expenses. It all needs to be accounted for. It's all to be done on a cash-use report. In addition to that, the cash advance feature would also be used in a circumstance where you might be travelling and you required the cash up front. Typically, that isn't the way it would be used; it would be used as a reimbursement and then approved by the supervisor as part of the overall approval process around that corporate card.

Mr. Yakabuski: That's not a cash advance by credit card. The reimbursement is not a cash advance by credit card.

Ms. Summers: The cash advance feature would be used for the reimbursement.

Mr. Yakabuski: So they would actually use the cash advance feature of their credit card for reimbursement.

Ms. Summers: Bringing it back to the example I

used-

Mr. Yakabuski: I really want to ask some questions on this. So they would use that feature. I find that, actually, incredible. It's not like you don't write cheques. I've got people in my riding who get a cheque for 30 cents from Hydro One. So it's not like somebody in the office doesn't write a cheque for 30 cents or whatever. I just don't understand how—okay, you've got your credit card; you reimburse your expenses by taking a cash advance? Don't you think that should be done by the process of accounting for expenses and issuing a cheque for the approved amount? A guy has a credit card: "Oh, well, there are your expenses." He gets his money back by putting it on the credit card? I don't know; that doesn't make sense to me.

Ms. Summers: The process is that all of the cash expenses have to be accounted for and on a cash-use report. The ability to reimburse that, in certain instances, can be through a corporate card as opposed to having a cheque written by the organization. When we implemented the corporate credit card process initially, this was one of the features that we looked at. Because of the decentralized and vast province that we cover, that was viewed as one of the ways of minimizing costs overall for ensuring that we're dealing with expenditures on a timely and efficient basis. So it was one of those functions we looked at and, as an organization, determined that in certain circumstances made sense because it was less expensive to process those; having an organization which would cut the cheque and write the cheque versus having the controls in place where that particular card and cash-use report would be submitted, reviewed by a supervisor, and the supervisor would know what was happening and what wasn't on an ongoing and timely basis.

Mr. Yakabuski: I appreciate your information on that. I'm not sure that I would agree with that, and maybe that's something the auditor should take another look at. Maybe the people would like to have a different way.

Anyway, let's go back to Mr. Parkinson. Ms. Burak, you said that he was not terminated with cause, there was no cause to terminate him. Then you further said that he resigned and that because he wasn't terminated with cause, he was entitled to his severance; the severance provisions kicked in. But he did resign. Now, his contract, or at least his statement of executive compensation, reads that—and you're quite aware of the exact verbiage so I won't read it all, but I'll read some of it:

"If Mr. Parkinson's employment is terminated by Hydro One without cause, Mr. Parkinson is entitled to receive an amount equal to his base salary and executive allowance as at the date of termination either in a lump sum payment or in equal monthly instalments for a period of 24 months, and to receive, either in a lump sum payment or over the same 24-month period, full benefits, a bonus of not less than the greater of the average of three previous bonus payments or 25% of his base salary,

the continuation of mortgage subsidy payments (discussed below) up to a maximum of \$125,000 and reimbursement of certain relocation costs."

Nowhere in that—and I can read on—do I see anything that speaks to the granting of this portion of his contract for severance if he resigns. We'd all agree: He resigned. You've stated that there was a discussion and the board felt that it was in everybody's best interests, and certainly for the going-forward of the corporation, that Mr. Parkinson no longer remain as CEO. But he did resign. There's no reason, no justification in his contract that I can read for granting him the \$3-million severance package. What can you tell me as to how you decided—and you've already said that the board "decided" to honour these severance provisions. Why did you do that? What is the justification, if he resigned?

Ms. Burak: Thank you again for the opportunity to put on the record the actions of the board. I will simply repeat again: The board agreed that his departure would be in the best interests of the company. The former CEO, in discussion with the board, elected to resign so that his presence would no longer be a distraction. But first and foremost, the board took the decision that his departure would be in the best interests of the company and, under the circumstances, applied the severance provisions of his contract, which enable us to terminate his employment without notice and without cause, for any reason whatsoever, in which case, in our view and with legal advice, the severance provisions applied.

Mr. Yakabuski: With all due respect, you've given me a little bit of a history, but I guess the question is, what is the justification? The \$3-million expenditure: What is the justification? He did resign. He could have gone, under the understanding of his contract—let's say the auditor's report hadn't come out. Nothing happened. He walked into your office one day and he said, "Rita, I'm out of here. I'm resigning." He wouldn't have been paid \$3 million. He resigned. Why is he being paid \$3 million?

Ms. Burak: He is being given a severance because the board agreed that his departure would be in the best interests of the company. This is why we honoured the provisions of his contract, which enabled the board to terminate his employment without notice and without cause, for any reason whatsoever. In our view, and in discussions with the CEO, his departure would no longer be a distraction to the organization, and it was in the best interests of the organization.

Mr. Yakabuski: If he was terminated with cause, I suspect that that would be in the best interests of the corporation as well. So "being in the best interests of the corporation"—I'm not sure that I accept that as being a justification for paying him \$3 million, because if he was terminated with cause, he wouldn't get his package either. And that would definitely be in the best interests of the corporation: if he was terminated with cause.

I want to move on to another—I don't know if I've got—

The Vice-Chair: Yes, you have about two minutes left.

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Mr. Yakabuski: Well, maybe we won't. We might pick this up after lunch, then.

I guess we're going to stay on this issue, then, for two minutes. If, on the one hand, we have the ability to say, "If there's a cause for terminating a CEO or anybody else, they're not entitled to their severance package," then I'm sure anybody who's responsible would agree that if there's a cause to terminate someone, that must be in the best interests of the corporation, because "cause" would indicate that there has to be a justification for letting that person go. So on the one hand, if you're saying there's no cause, but he's resigning, I just don't get how you square that, because you're saying, "Because there was no cause, we paid him his severance"—no, your quote was, "Because it was in the best interests of the corporation, we paid him his severance."

Ms. Burak: The board agreed that it was in the best interests of the corporation for him to depart. He was not fired for cause; there were not legal grounds for cause.

The Vice-Chair: Thank you very much. Mr. Hampton.

Mr. Hampton: When these issues were raised with the Minister of Energy, these were the responses of the Minister of Energy related to executive pay, compensation issues at Hydro One. I'm quoting Mr. Duncan: "Our government has confidence in the board of directors and that they will do the appropriate things under all these circumstances." And if I can quote him again: "We are exercising proper leadership by entrusting the board of directors of the corporation to manage the affairs of the corporation in a way that maximizes the benefit of the corporation to the people of Ontario through their government."

I would assume that you notified the government, as sole shareholder in the corporation, of your decision to pay the \$3-million severance amount?

Ms. Burak: I believe that you are—the quotes, Mr. Hampton, that you're referring to were given in the context of overall—

Mr. Hampton: Yes, Hydro One.

Ms. Burak: They were in the context of overall compensation.

Mr. Hampton: Yes. So I just want to ask you: I would assume that you notified the government, as sole shareholder, of your decision, the board of directors' decision, your election to pay the \$3-million severance amount?

Ms. Burak: Yes, I informed the shareholder that the board agreed, in the best interests of the company, that the former president and CEO should depart and that we were going to exercise the provisions of his contract dealing with termination without cause.

Mr. Hampton: Did anyone in the government—anyone in the Premier's office, the cabinet office, the Minister of Energy, Ministry of Energy officials—indicate to you or other members of the board that your election to pay the \$3-million severance allowance was,

to use the minister's words, "inappropriate in the circumstances"?

Ms. Burak: No. The board took the decision, as I've outlined, and informed the shareholder.

Mr. Hampton: And no one in the government said, "This is inappropriate"? No one in the government said, "This is not in the best interests of the corporation. This is not in the best interests of the people of Ontario"?

Ms. Burak: I believe there were statements made the day of Mr. Parkinson's departure. I don't have them in front of me, but I would refer you to those.

Mr. Hampton: I repeat the question: No one indicated that this was inappropriate?

Ms. Burak: If you're asking if the government asked or told the board that paying a severance was inappropriate, no.

Mr. Hampton: I want to move on to another issue. As I understand it, the Parkway transmission project was a very important project. Is that right?

Ms. Burak: Absolutely, yes.

Mr. Hampton: Why was it important?

Ms. Burak: Laura, maybe you can speak to the-

Ms. Formusa: It enabled the closure of Lakeview generating station down on the lakefront, which was part of the province's off-coal strategy.

Mr. Hampton: So just tell me: What was involved with Parkway? What did you have to do?

Ms. Formusa: You're probably going to test my technical knowledge here, but—

Mr. Hampton: You're the boss now.

Ms. Formusa: The Parkway TS, and the associated 500 kV lines required to incorporate it into the system, was required to bring stability to the system that might—

Mr. Hampton: The system for where?

Ms. Formusa: The transmission system in—

Mr. Hampton: For where?

Ms. Formusa: All around Toronto, the greater Toronto area.

Mr. Hampton: Okay.

Ms. Formusa: It was situated at Parkway because that was the best spot for us to tie into the 500-kV system, which is located more toward the north part of Toronto.

Mr. Hampton: In 2005, you announced that you had completed the Parkway transformer project on time and under budget. I believe that was the very public announcement. It's my understanding that the final Parkway budget approved in 2004 was \$154 million. Is that correct?

Ms. Formusa: I'm going to ask Ms. Summers to talk about the budget that was approved by our board, if that's all right.

Mr. Hampton: Okay, that's fine.

Ms. Summers: Yes, that would have been the budget that was approved.

Mr. Hampton: It was \$154 million?

Ms. Summers: Yes, I believe that's the number.

Mr. Hampton: And the announcement was that you brought it in on time and on budget.

Ms. Summers: Yes.

Mr. Hampton: Okay. Were there costs incurred in putting Parkway into service that were not included in the \$154-million final amount that was announced?

Ms. Summers: All of the amounts that would typically be included in a project to the finalization would have been included in that amount.

Mr. Hampton: So you're saying there were no other costs that were not accounted for in the \$154 million.

Ms. Summers: Not that wouldn't—no. There was nothing that would have been expended after that that should have been included as part of the project.

Mr. Hampton: Were all costs incurred for labour and material related to building and commissioning the Parkway transmission project included in that \$154-million final amount that was reported to the public? So, all labour costs and all material costs related to building and commissioning.

Ms. Summers: Yes, labour and materials associated with the project would have been included in the \$154 million.

Mr. Hampton: Were there any labour costs or other costs related to putting Parkway into service that were charged to operations, management and administration accounts rather than the Parkway accounts?

Ms. Summers: That wouldn't have occurred for anything that was specifically associated with that project,

Mr. Hampton: Okay. Were any materials purchased for the Parkway transmission project charged to the budgets of other projects; for example, the Niagara reinforcement project?

Ms. Summers: Not that would have been specifically associated with the Parkway project, no.

Mr. Hampton: When you say "not specifically associated," what do you mean by that?

Ms. Summers: Why I'm saying "not specifically associated" is because there could have been instances where there would be something done that was really associated with something else. There could have been—I'm just trying to think. In a normal project there could potentially be instances where there is some sort of an expenditure that isn't associated with that project and, if it's not associated with the project, wouldn't be charged to that project.

Mr. Hampton: So in other words, you have discretion as to whether to assign a cost to a project or assign it somewhere else?

Ms. Summers: No. There's no discretion associated with where it goes. There are accounting rules and guidelines that are in place and the accounting is to follow these strict guidelines that would be in place.

Mr. Hampton: Okay. Were any labour hours originally charged to work orders related to the Parkway capital project subsequently transferred from those work orders into operations, management and administration budgets? 1130

Ms. Summers: As part of the overall Parkway project, as we would do with any large project, there would be a review to ensure that all of the expenditures that are

charged to a project are appropriately charged to the project. So at the end of a project or during the middle of a project, on an ongoing basis, from a typical cost accounting standpoint, there would often be charges that would go back and forth so they could strictly adhere to the accounting rules and what is necessary. Specifically with Parkway, there would have been transfers that occurred both in and out and overall for the entire project. In the end, when the accounting was done and the assessment throughout, there were actually more costs that would have been transferred in than out, to again clearly establish what costs were associated with the project and what costs were not associated with the project.

Mr. Hampton: So I'm going to ask my question again: Were any labour hours originally charged to work orders related to the Parkway capital project subsequently transferred from those work orders into operations, management and administration budgets?

Ms. Summers: There were no charges appropriately charged to the Parkway project that would have been transferred.

Mr. Hampton: That's not my question. My question is this—and I'll keep asking this question till I get an answer: Were any labour hours originally charged to work orders related to the Parkway capital project subsequently transferred from those work orders into operations, management and administration budgets?

Ms. Summers: There were no charges associated with the Parkway project that were ever transferred out of the Parkway project.

Mr. Hampton: To operations, management and administration budgets.

Ms. Summers: There were no charges associated with the Parkway project which would have been transferred out. There may have been inappropriate charges which were transferred out, but there would have been no charges associated with the Parkway project transferred out of the Parkway project.

Mr. Hampton: It seems to me the issue of whether it was appropriate or not is something we can get to later. My question is, were there any labour hours originally charged to work orders related to the Parkway capital project subsequently transferred from those work orders into operations, management and administration budgets?

Ms. Summers: As I previously said, there were no charges associated with the Parkway project that were ever transferred out of the Parkway project.

Mr. Hampton: Okay. If you were to discover that there were costs for labour or materials incurred in completing the Parkway transmission project that were not charged to the Parkway project but to other projects, would you consider that to be a problem?

Ms. Summers: If I was made aware that there were any charges associated with any project that were charged to the incorrect project, it would be expected that they would be transferred into the appropriate project, that that would be an issue that would be dealt with and would be transferred back into a project.

Mr. Hampton: So from the perspective of proper accountability, following the rules and guidelines, if you found there were costs for labour or materials incurred in completing the Parkway transmission project that were not charged to the Parkway project but were charged to other projects, you would consider that to be a serious problem?

Ms. Summers: If that were identified, as with any other project, we would deal with that and that would be transferred into a project. It wouldn't accurately reflect the cost of a project, and that's an important thing from an accounting standpoint. Clearly that is something which is important, so we would transfer those costs into a project.

Mr. Hampton: My question is, again: If you found that was the case, that would be a serious problem?

Ms. Summers: That would be an issue that would have to be dealt with. Those costs would be transferred into the appropriate project so the dollars that are reflected are accurately associated with an asset that was put in place—

Mr. Hampton: Because that would be a serious problem?

Ms. Summers: —which is fundamental to the organization and to the accounting so that we fairly state our financial information.

Mr. Hampton: Following the hearing of the standing committee on government agencies last September, did Hydro One commission an audit of the Parkway project?

Ms. Burak: No, we did not, but we did, with the CFO, go over the final process that she has described that would accompany any large project at the end.

Mr. Hampton: So did you do a financial review of the project?

Ms. Summers: On an ongoing basis, we would do a review of the overall finances of a project. That's something which we would follow and that's a process which would be in place for every project throughout the project. Parkway was no different, so throughout the building of Parkway, a review would have been done at specific checkpoints to ensure that the cost for Parkway reflected the costs for Parkway.

Mr. Hampton: So did you do a review last September following the standing committee on government agencies meeting?

Ms. Summers: We would have done reviews throughout. After the previous committee meeting, I did have a discussion with the cost accounting people to understand the processes that they did employ around Parkway, to ensure that the processes which normally would have taken place were done throughout that project. It was treated consistently with the way we treat all projects throughout.

Mr. Hampton: Were there any changes made following that meeting or that discussion that you would have had last September or last October following the standing committee on government agencies meeting?

Ms. Summers: Not that I'm aware of, no.

Mr. Hampton: Okay. I wonder, would you have a breakdown of all the investment planning numbers, project numbers and work orders that were tallied up to arrive at the final \$154-million cost for the Parkway transmission project?

Ms. Summers: I don't have them with me, but that is something which we would have.

Mr. Hampton: You would have that?

Ms. Summers: Well, there would be—all of the projects are built and are broken down into work orders in the way that the cost accounting processes work with respect to a project. Labour hours, supplies, materials are charged to a project based on these work orders, which are linked back to various things. They're linked back to time sheets; if there were any corporate credit card purchases done associated with the project, that card would be linked. The procurement purchases, anything drawn from inventory is all linked to various work orders, projects and programs.

Those charges would then get gathered as a project, so there would be information which builds up—that builds to the entire project. On an ongoing basis, there would be a project manager. A project manager would assess and look at those costs, and that would be part of an overall process. In addition, there is finance support, which on an ongoing basis would monitor, conduct reviews and look

at the process through time.

Mr. Hampton: I think you probably understand why I'm interested in this. One of the things the auditor says in his report is, "We found that Hydro One generally had adequate policies in place to help ensure that goods and services were acquired with due regard for value for money. However, systems and procedures were not adequate to ensure compliance with corporate policies."

So this was a big project.

Ms. Summers: Yes.

Mr. Hampton: So I guess my question then is, could you produce a breakdown of the investment planning numbers, project numbers and work orders that were tallied up to arrive at the \$154-million cost that was publicly announced? Do you have those? Can you provide them?

Ms. Summers: That's something that we could provide, absolutely.

Mr. Hampton: Okay. I wonder if you could also provide accounting documents indicating which investment planning numbers were approved for use for the Parkway transmission capital project.

Ms. Formusa: Can I just be clear on that? Sorry, the accounting—

Mr. Hampton: Provide the accounting documents indicating which investment planning numbers were approved for use for the Parkway transmission capital project.

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Ms. Formusa: Could I just add, Mr. Hampton, that after the committee hearing in September—I mentioned in my opening remarks that we are working on improving

our relationship with the Society of Energy Professionals. They had raised—

Interjection.

Ms. Formusa: Pardon me?

Mr. Patten: I'm just curious if this line of questioning about this project—I mean, it's not even in the auditor's report, I don't believe. It has taken up 10 or 15 minutes of questioning. I just remind Mr. Hampton that he should stick to the auditor's—

Mr. Hampton: I think this goes to the heart of the auditor's report. The auditor has said that the problem at Hydro One isn't that there aren't policies in place; the problem is that policies and practices aren't being followed. We saw how that was true with the chief executive officer. This is a big project, so I think we should have a look at it.

Ms. Formusa: What I was going to say was that I am having a look at it with Mr. Müller, who is the president of the Society of Energy Professionals. They had raised some concerns at that committee hearing, and he and I are going to set up some meetings to review exactly what you've just asked about.

Mr. Hampton: As somebody who has an interest in

hydro issues in Ontario, I'd like to see that too.

Ms. Formusa: We've agreed.

Mr. Hampton: Good.

The Vice-Chair: Thank you. Any further questions?

Mr. Hampton: I do have a couple.
The Vice-Chair: You have two minutes.

Mr. Hampton: I'm interested in the very big outsourcing that happened; I believe it's the Capgemini outsourcing. One of the things I wanted to ask you about that is, I'm told that there was supposed to be some fairly explicit benchmarking. Is that correct? It's a \$1-billion contract, isn't it? It's a \$1-billion outsourcing?

Ms. Summers: Over the 10-year period; yes, that's

correct.

Mr. Hampton: But as I looked at the auditor's report, the auditor indicated that not all of the benchmarking that was supposed to have been done to ensure value for money is in fact being done, that only some bench-

marking was being done.

Ms. Summers: That is correct. As we went through the process and we went to do the round of benchmarking—and that is a key attribute in that overall outsourcing agreement, the ability to benchmark—there were two lines of business that could be benchmarked. We did do a request for proposals from organizations to benchmark the entire contract; unfortunately, we were unable to find somebody. We did benchmark a portion of it, which amounted to 60% of the overall contract, but we could not find somebody to do the benchmarking for the other services. But certainly as an organization going forward, as outsourcing is more broadly implemented across industries, we would hope that we could benchmark 100% of that contract at the next point in time when we can do that.

Mr. Hampton: I think you'd agree with me that \$1 billion is a lot of money.

Ms. Summers: Yes, it is.

The Vice-Chair: If we could stop there. That consumed your time. We'll do it the next time around.

Mr. Hampton: Okay, I'll come back to it.

The Vice-Chair: Mrs. Sandals?

Mrs. Liz Sandals (Guelph-Wellington): Thank you. I'd like to follow up a bit on the transmission project and transmission and other issues.

First of all, let me congratulate you on being in a part of the province this summer that got a lot of twisters and tornadoes. In fact, even though we were out for quite a number of days, my observation would be that Hydro One, the local distribution company and other companies that came in from outside the area actually seemed to be working very well together to get what was quite a mess back up. Having been through a number of these summer storm episodes over my life, I thought things unfolded fairly well.

In my part of the province, which is more southernrural—I'm from Guelph—one of the things there has been a lot of excitement about is the whole issue of standard offer contracts and net metering. Given that I've got a local distribution company, my constituents don't necessarily deal with Hydro One directly a lot. The concerns around Hydro One are often related to the accounting, technical and transmission issues around implementing standard offer and net metering. Are you making any progress in being able to facilitate that?

Ms. Formusa: Yes, we are. We didn't expect, quite frankly, the volume of contracts that would be coming forward, and we had to staff up quite quickly in order to handle that. I'm comfortable now that we have the resources in place to manage the workload, but it is a significant workload and we're doing our best to comply with all of the various requirements around the standard offer program and making sure that priorities are appropriately managed so that everyone is treated fairly under the program.

Mrs. Sandals: Certainly it would be very helpful if that could be rolling out a little bit more quickly.

Ms. Formusa: We are working on it.

Mrs. Sandals: I'd like to go back and talk a little bit more about the corporate card because, as I've listened to the exchange over the course of the morning, it sounds like you use these corporate cards in almost a different policy way than most businesses or public sector organizations that I've been aware of tend to use purchase cards or corporate cards. It sounds to me like you almost, as a deliberate policy, use them more for purchasing and reimbursement than most of us would be accustomed to. I wonder if you could explain to us why you seem to rely so very heavily on corporate cards for things that a lot of us wouldn't normally expect to be putting on a corporate card.

Ms. Summers: We use the corporate credit cards really as a method of payment. Any purchase on the corporate credit card is to follow and adhere to all of the procurement policies and procedures. From an overall standpoint, we're a very decentralized and large organ-

ization, and as a result there are instances where, to keep the day-to-day work going on a timely basis, the corporate credit card is a tool that enables. Specifically, if you look at emergency work which would occur, as emergency work may happen in all parts of the province, the ability to use that corporate card to make purchases is sometimes key in being able to get the lights on as quickly as possible. So when you look at it overall and the dollar amount, the \$127 million, it is because we take a broader perspective overall and use it as a method of payment.

There are controls in place. I'll reiterate that it is meant to follow all of the procurement processes. The Auditor General identified instances where the documentation wasn't always sufficient. We've dealt with that, and we'll deal with that through a compliance organization going forward. But it is a key tool we require on an ongoing basis to keep working and get the lights on as quickly as possible.

Mrs. Sandals: So you're really using it almost in terms of paying living expenses of crews that are out on lines over prolonged periods or buying materials locally where you may not have them stockpiled, that sort of thing?

Ms. Summers: Yes, that is the case; those types of expenditures would be there. For those local purchases required to do work, they would go on a card now. That being recognized, that would be only up to the levels that are allowed for local purchases. If a very large expenditure were made on a corporate credit card—and there are certain instances when that might occur—if it were for a larger amount, like over \$15,000, then you would still be expected to have your three quotes to ensure that we get value for money in those purchases. So there are instances where you would still have quotes although a corporate credit card is used as a method of payment.

In addition, there are also other instances where we might use a corporate card if there are benefits when they're larger purchases, but they would be specific cards, which could be called ghost cards. So there actually isn't a card; it's a method of payment, but there are transactions occurring. It's completely blocked, so it would only be useful with one vendor. An example would be a telecommunications vendor.

1150

Mrs. Sandals: So some cards are people-specific and some cards are project- or purpose-specific then?

Ms. Summers: Every card would be associated with a specific employee, but the cards themselves, yes. A card for predominantly business expenses which would be more of a travel nature, such as my card, would be specific to me and, from an overall accounting standpoint, would get charged and distributed to my cost centre. Another card which is associated with a project would be charged to the project, but it would still be in the specific individual's name, who is the only person who can use the card. Even a ghost card would be associated with a specific name.

All of the cards would have features in place, so those project cards would have blocks. There are certain places where you cannot use the cards. An example of that would be when we sent our crews down to help in Florida. One of the issues that we actually had for the first day or two was that all of those cards were blocked; you couldn't make US purchases. So we had to actually go through the process of administratively adjusting the cards to allow for the US purchases. Then, when the people returned to the province after completing that work, we put the block back on.

Mrs. Sandals: The other thing I'm beginning to wonder about, as I've heard you answering questions, is that we're sort of talking about cash advances and I wonder if in many cases that's actually an unfortunate misnomer. If it were me, I would be filling in a mileage expense form, a taxi chit expense form and all these sorts of things and sending it off to somebody here at the Legislature, and after umpteen weeks, somebody would eventually send me a cheque back to reimburse me. It sounds to me as if you're doing that reimbursement of routine mileage and taxis and those sorts of things that you would normally pay out of pocket; that you're using not so much a cash advance, but you're using that to reimburse people appropriately for expenses which they have already incurred out of pocket.

Ms. Summers: Yes, that's the intention of the feature of the card. That, in accordance with procedure, is what it's to be used for, yes.

Mrs. Sandals: But the person then should still be submitting the same form that I'm submitting, in essence, but that would go with the documentation with the credit card. You've got your mileage claim, your taxi chit claim and those sorts of things.

Ms. Summers: Yes. The actual credit card statement would have identified on it the cash advance taken out, or the cash removed from the card. The associated supervisor is to look, identify, see that the cash advance was there. The support for that, as opposed to a receipt, should be an itemized listing of what that cash usage is to approve. So the supervisor is approving the fact that there was appropriate reimbursements and there were appropriate business expenditures associated with that.

Mrs. Sandals: Then, of course, the issue is to make sure that all those mileage logs or all those cash expense logs have been completed and are on file. Because, as I say, most of us are accustomed to the other system where you fill in the form, send it off and eventually the cheque comes back. Is there some sort of corporate advantage to paying it as credit card payment block as opposed to processing the individual cheques?

Ms. Summers: It's administratively less expensive to use a cash advance feature, because the individual who incurred the expenses—and then it would be approved in a process which is already established. So it's less expensive to administer that.

Mrs. Sandals: So while you obviously need to be careful that the documentation is there, when you put it

all together, you've actually reduced your administrative costs by handling it that way.

Ms. Summers: Yes.

Mrs. Sandals: Thank you very much. I'm going to share my time, if I may, with my colleague Mr. Milloy.

The Vice-Chair: What's the noise?

Mr. Yakabuski: Somebody's got a BlackBerry.

The Vice-Chair: I would just request, if somebody's BlackBerry keeps going off, if they would just shut it off.

Mr. John Milloy (Kitchener Centre): How much time. Mr. Chair?

The Vice-Chair: Seven minutes.

Mr. Milloy: Seven minutes, okay. I want to get on another line of questioning, but I want to follow up on something my colleague said about these credit cards. Are there controls in place on the circumstances of the purchase? Obviously there are things that everyone would understand are legitimate or not legitimate purchases, but I'm also thinking of the circumstance where someone is going to an outside supplier for some parts or material which they could have easily gotten back at the depot, that sort of thing. Are there controls in place so that people realize that when they are sort of going outside of the norm, as you state, for emergency things, it has been justified?

Ms. Summers: People would be aware and should be aware of what we might have, a blanket purchase order or something, that would typically be available in a service depot. They're expected to use that from the service depot. They're expected to use the blanket purchase order where that is in place. From a control standpoint, the control associated with those types of purchases would be that the supervisor would be expected to be aware of those. If they identified that one of those expenditures was in place and on the card, then going forward that would have to be dealt with.

Mr. Milloy: I wanted to just change topics here, and actually I think my colleague Mr. Patten mentioned some of this in his questioning, but I just want to get clear in my mind the procedures that you follow for audits within the company. Obviously, the Auditor General is a new twist, but how is the corporation—I guess it's a corporation where the 100% shareholder is the government. How are there both internal, external—what is the regime that's in place, whom do you report to and how and all that sort of thing?

Ms. Formusa: I'll start with a general overview, and then Ms. Summers can fill in. For the external audit, of course, the auditor is appointed by the shareholder on the recommendation of our board of directors and does the annual financial audits of our financial statements. That process is being completed just now. Our internal audit function on an annual basis sets up a program to determine which audits should be undertaken. Because resources are not always there to do all audits, we prioritize them. We do that as a management team and then the internal auditor comes forward to the audit and finance committee of the board and presents the plan for the year.

The committee can and sometimes has recommended that perhaps they bring some audits forward or delay others.

The auditor also reports on a regular basis to both management and the audit finance committee on the findings of audits. In particular, the auditor reports to me on a regular basis on the ongoing audits that are occurring. So that's just a general overview of how the program works at Hydro One. If you'd like more specifics, then I'm sure Ms. Summers could provide them.

Ms. Summers: I think from a specific standpoint what I might add is that the findings which are identified through the process of the internal audit—for all of the high-risk/medium risk-type areas which would be identified, there is quarterly reporting. That quarterly reporting is provided to the president and CEO on an ongoing basis every quarter. For all the various areas which may have findings, I certainly have to report on progress, where those stand. After it is closed, it would be moved off to quarterly report, but certainly the internal audit, consistent with what the Auditor General would do, would go back in and re-test another point to make sure that compliance is occurring on an ongoing basis, so we continually learn from those findings and implement them. But we do have a very rigorous process to ensure that once something has been identified, it is acted upon and dealt with by the management team.

Mr. Milloy: But these audits aren't simply to make sure everyone's following the rules; it's also to keep costs under control? Presumably, you're using them also for moving forward and making sure that you're reducing costs or increasing productivity, that sort of thing. Are they used for that function as well in terms of ensuring the profitability of the company?

Ms. Summers: The overall internal audit function deals with various aspects of the business. It would look at the health and safety processes that are in place as well as financial processes in place, and specifically we would also have specialists in the information technology area. As they go through the process, if the internal auditors identified where efficiencies could be achieved, they would be flagged, absolutely.

Mr. Milloy: What have been the findings of these audits in general over the past few years? Have there been increases in productivity and savings and that sort of thing?

Ms. Formusa: If the auditor has gone in and done an audit on a particular matter and there were issues identified in the audit, I would expect on the re-testing that he would come back and find out if there were tests specifically for any efficiencies that he had identified to ensure that they were captured. But that's management's role on an ongoing basis as well, so we wouldn't drop the ball and wait until the next audit; we'd be continuing on, just as we will with the Auditor General's findings. We're not just going to implement and then leave it until the auditor comes back; we have an ongoing process in place, so it will be reported on to the management team, and I suspect we'll do it on a regular basis to our board in light of this particular audit.

The Vice-Chair: I think, Mr. Milloy, that concludes your time.

I understand from the committee members that they still have a number of questions they would like to ask, so I ask the guests' indulgence to return. We will only break for half an hour for lunch, and if we could then continue after lunch with our circle, hopefully it won't take too long to complete the questions.

The committee recessed from 1203 to 1234.

The Vice-Chair: We'll call the meeting back to order. I'm glad to see that all the committee members who were so anxious to ask more questions are back to get on with it.

There will be more water coming, Mr. Yakabuski, but you're going to be too busy to drink it because it is your turn to take the floor. With that, we will ask Mr. Yakabuski to again proceed.

Mr. Yakabuski: Thank you very much, Chair. Thank you for that long lunch break. Back to the proceedings.

First off, I just want to pick up on something that Ms. Sandals had said earlier with respect to the number of significant weather events this past year. I can tell you that in my neck of the woods, up in Combermere, we were hit with the strongest tornado of the season in Ontario. I must say that Hydro One's crews, as well as the municipal officials and all of the local people who pitched in, did an absolutely tremendous job. I have let them know in no uncertain terms what a great role they did play getting that community back on its feet in the shortest possible time. Having said that, it'll be decades before it looks the same because of the amount of damage that was sustained with the loss of hundred-year-old-plus trees, etc. But I must say, the professional people of Hydro One did a tremendous job there.

Speaking of professional people at Hydro One, Ms. Formusa, you raised the issue that you're attempting to improve your relationship with the Society of Energy Professionals. I know that when they spoke to the government agencies committee last fall, I guess it would have been, clearly there were some significant issues in their relationship with Hydro One. I'm going to ask you point blank, because they certainly seemed to believe that that was part of the dynamic, that the former CEO himself, Mr. Parkinson, seemed to have a personal goal of weakening if not eliminating that group. I'd like you to comment on that.

Ms. Formusa: What I can say in that regard and what I said to the society members when we met last week was that Hydro One has absolutely no intention of eliminating or in any way significantly reducing the bargaining unit. That is not an objective of the company. Our objective is to work co-operatively with them. They are the management and professional staff of the company; they contribute significantly to many of the projects we've spoken about today; they are valued employees. So I look forward to a very healthy relationship with that bargaining unit.

Mr. Yakabuski: During Mr. Parkinson's tenure, going in and leaving, what were the respective numbers

of the Society of Energy Professionals who were employed at Hydro One?

Ms. Formusa: The number of society members at Hydro One members has fluctuated throughout the course of its short history here since 1999. I believe that at one time there were at approximately 1,000, and right now I believe the number is around 730; that was the last number I saw. The numbers do go up and down depending on retirements. You may be aware that we have a large issue with respect to the demographics amongst all of our employees, not just the society. The average age in the company is about 46. Within the next five years, 25% of our workforce can retire. We've seen some retirements, we've seen some movement amongst our staff, but the numbers right now are about 730.

1240

Mr. Yakabuski: Would you say it's fair to say that, during the term of Mr. Parkinson, that relationship was—and I respect your commitment to ensuring that there is a good working relationship. Would it be fair to say that that relationship was strained?

Ms. Formusa: I think it's fair to say that Hydro One's relationship during the course of the labour dispute with the society was strained.

Mr. Yakabuski: Thank you. I want to go back to the end of the employment of the CEO, Tom Parkinson—I can't say "the resignation"; I can't really say "the termination without cause," because it is all so confusing. In fairness to Ms. Burak, the chair, it's a real mixed message. If Tom Parkinson was terminated without cause, then he had every right to the severance package he was given, but you've maintained consistently that he was not terminated without cause, but he would be treated as though he was terminated without cause but we're going to call it a resignation. We need to pick one of those. Did Tom Parkinson resign?

Ms. Burak: I appreciate the opportunity to further clarify the circumstances surrounding the former CEO's departure. I would repeat what I said earlier. The board agreed that his departure would be in the best interests of the company, and we elected to apply the severance provisions, which allow us to terminate his employment without notice for any reason whatsoever, in which case he would be paid a severance.

The issues that were raised in the Auditor General's report, as I acknowledged at the outset, should not have happened. Of course, they were viewed very negatively by the public, but they were not legal grounds for cause. So the former CEO, in discussion with the board, agreed that, yes, he should resign because then his presence would no longer be a distraction for the organization. I'm not denying that the board applied the severance provisions to his departure in light of the circumstances.

Mr. Yakabuski: So he was terminated without cause?

Ms. Burak: We agreed that his departure would be in the best interests of the company, and we elected to apply the severance provisions of his contract, which allow us to terminate his employment without notice for any reason whatsoever. Certainly this was done in light of the Auditor General's report. He was not fired for cause.

Mr. Yakabuski: I guess I could ask the same question again, but I'm pretty sure that I'm going to get the same answer. The modus operandi here seems to be what was in the best interests of the corporation. Would you say that it is in the best interests of the corporation, or any corporation, if the board of that corporation or this corporation decides to spend \$3 million that it didn't have to spend?

Ms. Burak: Obviously, you're asking the question in relation to the approximate severance amount. According to the circumstances and according to his contract, we did the right thing.

Mr. Yakabuski: Actually, I was just asking the question, a very straight question: If a board is operating in the best interests of the corporation that it represents, would spending \$3 million that it did not have to spend be an example of operating in the best interests of that corporation?

Ms. Burak: In the general sense in which you put the question, of course, yes.

Mr. Yakabuski: It would? If they were spending \$3 million they did not have to spend, that would be in the best interests of that corporation?

Ms. Burak: Sorry. If they were spending \$3 million that they did not have to spend, obviously that would not be right.

Mr. Yakabuski: That would not be in the best interests of the corporation?

Ms. Burak: That's right.

Mr. Yakabuski: We're making some headway here. All along you've said that the board has tried to do what was in the best interests of the corporation. I'm just going to ask for a simple yes or no answer to this. Yes or no—I know that's difficult—did Tom Parkinson resign?

Ms. Burak: I'm afraid it's not a yes or no answer because the context for such an extraordinary event must be put on the table. The board agreed that his departure would be in the best interests of the company. In discussions between the former CEO and the board, yes, he knew that his presence on an ongoing basis would be a distraction for the organization. In those circumstances, yes, the board opted to use the provisions of his contract which enable us to terminate him without notice and without cause for any reason whatsoever.

Mr. Yakabuski: I think it's fair to say that no one would ever resign without some sort of reasoning, whether it was on the part of their employer or themselves, to come to some kind of conclusion. I don't know how extraordinary one circumstance is over another if you come to the conclusion that you're going to resign. In everybody's life and in everybody's job there are a myriad of issues churning around at any given time. When someone makes the conscious choice—for them, the correct choice—to resign, at the end of the day it's yea or nay: Did he resign or did he not resign? We know some of the circumstances because they have been brought to light as part of the Auditor General's report.

But when I look at that contract, it doesn't say—there's the provision about the severance if Mr. Parkinson was terminated without cause. There's no additional part here that says, "He could be terminated without cause but we could call it a resignation if that's what looks good in the newspapers or on his resumé"—I don't know; whatever. There's no provision in there. It's just simply a choice: Are you terminating without cause or is Mr. Parkinson resigning? Can we say that he simply resigned, or would you say that for me?

Ms. Burak: When the board determined that it was in the best interests of the company for the former CEO to leave the company, we made a determination that the severance provisions of his contract should be honoured. Those provisions, which I think you have before you, enable us, without cause and without notice, to end his employment for any reason whatsoever. The former CEO, in discussing this with the board, was co-operative in this regard and, yes, elected to resign. But the understanding was that we would honour the severance arrangements of his contract.

Mr. Yakabuski: Ms. Burak, I do appreciate your patience because it does seem somewhat repetitive, I know, but the people really do expect to be able to evaluate this and analyze it in some kind of way where they can put—they'd like to remove a little bit of that greyness that seems to be percolating here and causing a great deal of this confusion. They just want to know, "Can we say that he resigned, or did he get fired with cause?" The only way that he's going to get the severance is if he gets fired without cause, because, you see, that's what's in that darn contract. So he must have been fired without cause. But no, clearly the word from the board of Hydro One is that he resigned, but then there are these conditions attached.

1250

It's really, really difficult for people; for example, people in my riding. The average person in my riding would have to work more than 100 years at their current rate of pay—I'm assuming they might get a raise sometime between now and then, so we'll say their current rate of pay—to get \$3 million. So it's not a small amount of money we're talking about. It's not \$10,000. It's a huge severance.

I think it's fair to ask, is this what happens when anybody's employment ends with Hydro One? Did we work out some sort of deal that, nudge, nudge, wink, wink, "We're going to give you the severance, but we're going to say that it was a resignation because that's really in your best interests"? I don't know what went on in the committee room where this was discussed, but I think people have a real concern that someone can resign—you know, somewhere in the records at Hydro One, do they keep a record as to how the employment of Mr. Parkinson ended? Is there a box when you fill out your forms for employment insurance or something—and I don't imagine he's going to apply for employment insurance—that says "fired," "laid off" or "quit"? When I was in business we used to have this form we had to fill out; we

called it a record of employment. Is there something official in the offices of Hydro One where we've just got a box checked off, not a whole long, copious explanation of why we're spending \$3 million? Is there something there that says that he quit or was fired without cause?

Ms. Burak: Mr. Yakabuski, I really do respect the fact that you want to understand fully the circumstances surrounding the departure of the former CEO, and I really am trying to be candid with you about the circumstances.

The issues in the Auditor General's report relating to the CEO, as I said at the outset, should never have occurred, and we have fixed that problem going forward. They were viewed very negatively by the public, but they were not legal grounds for dismissal. Given the circumstances, the board discussed and agreed that his departure, his termination, would be in the best interests of the company, and we elected to honour the severance provisions of his contract. I've done my very best to explain the circumstances, to candidly outline the board's reasoning for its actions, and I'm afraid I can't add any more to what I've already said.

The Vice-Chair: That will conclude your time, Mr. Yakabuski. Mr. Hampton?

Mr. Hampton: I wanted to ask some more questions about the \$1-billion outsourcing agreement. As I understand it, depending on how you look at it, either six or seven areas were outsourced: (1) customer service operations, (2) information technology, (3) supply management, (4) human resources, (5) finance, (6) accounting services, and (7) I guess would be something called settlements. Okay? Now, as I understand it, these things were to be benchmarked in years 3, 6 and 9; at least, that's what it says in the agreement. Year 3 has passed. Is that correct? Year 3 of the agreement has passed? That would have been in 2005?

Ms. Summers: Yes.

Mr. Hampton: As I understand it, you only benchmarked in two of the seven areas. What were the two areas where benchmarks were established?

Ms. Summers: Information technology services and customer service operations.

Mr. Hampton: Information technology services and customer services. So that means there was no benchmarking in supply management, human resources, finance, accounting services, and something called settlements.

Ms. Summers: Yes, that's correct.

Mr. Hampton: Okay. I guess the question I want to ask, then, is, if you've only benchmarked in two of the seven areas, how do you know you're getting value for money?

Ms. Summers: When the contract was originally established—and it has also been reviewed by the Ontario Energy Board, looking at the original provisions of the contract and the declining costs—originally built into the pricing of the contract was a reduction in the costs over the period of time of the contract. The provisions were in years 3, 6 and 9 so we could do external

benchmarks, and we did do those external benchmarks for those lines where we had the ability to hire some-body—correct, two—which was 60% of the overall contract for which we could identify somebody that would actually do that work for us. Going forward, we will benchmark every line for which we can find an external person who will do the benchmarking for us.

Mr. Hampton: I guess I'd ask the question again. As I understand the benchmarking, that was to determine if, compared to other operations, other companies, you were getting best price, best cost. If you can't do the benchmarks, how do you determine whether you're getting the best deal you can or the best deal that you were supposed

to get?

Ms. Summers: The benchmarking was established as a checkpoint in the contract. Our intention, when we entered into the contract, would have been to do the benchmarking at year 3, in accordance with the provisions of the contract. We did go to market to identify people to do the benchmarking for us. We were able to hire people to do 60% of the contract, so the two service lines. We were unable to hire the services for somebody to do the benchmarking of the others. As an organization, to have comfort on the overall pricing or the value because when we initially established the contract, the contract as it was established was viewed with a declining cost line. Because they were adhering to the declining cost line, we were relying on that because we did not have the ability to go to a third party to do that benchmarking at that point in time.

Mr. Hampton: I'll come back to that in a minute. The auditor suggests that benchmarking be done on all lines of the business. That's a specific recommendation of the auditor's report: that benchmarking be done on all lines of business awarded to Inergy to ensure that Hydro One is getting its money's worth. Looking at it, I think we're

now in year 5 of the contract?

Ms. Summers: Yes.

Mr. Hampton: So we're halfway through the contract. Is there going to be benchmarking of all lines of operation? When is that going to happen?

1300

Ms. Summers: We're committed as an organization to do the benchmarking for all of the lines of services available. The findings of the Auditor General report did identify that we should benchmark all of them. We agree. We will benchmark all that we can. At the point in time of the benchmarking for year 3, we were unable to procure services from an entity that would provide us that external benchmarking for more than the two services, so 60% of the contract. We will do that going forward for every line of business. Hopefully, by year 6 we would be able to get benchmarking for 100% of the services.

Mr. Hampton: You're benchmarking in customer service operations and information technology. Relative to supply management, human resources, finance, accounting services and settlements, how large is the area that has been benchmarked in money terms, as compared

to the \$1 billion? Sixty per cent?

Ms. Summers: Well, 60% was benchmarked. I think finance and accounting we generally would view as one service line together. So of the six lines of business, we benchmarked 60%. That would be based on dollar value, so it would be 60% of the entire contract.

Mr. Hampton: So roughly \$400 million has not been

benchmarked.

Ms. Summers: But the \$400 million would be associated with the 10 years of the contract. That was just benchmarking not done on the initial three years, so it would be a portion of that.

Mr. Hampton: I want to ask again: when is the benchmarking in the other areas going to occur? It was supposed to occur in year 3, year 6. When is it in fact going to occur? Is it going to occur next year on all of the

other areas?

Ms. Summers: Our intention was to benchmark at year 6.

Mr. Hampton: Yes. Is it going to happen?

Ms. Summers: Yes. We're committed to benchmarking. It will happen, assuming that we can identify a third party to do 100%, but we will do it for every line of business that we can.

Mr. Hampton: Over and above the initial \$1-billion deal, it appears that additional contracts have now been awarded to Inergy. What's the value of those contracts?

Ms. Summers: I can't recall off the top of my head, but that's a number we can provide, obviously. There would be additional services that would have been purchased from the Inergy organization, which does the outsourcing.

Mr. Hampton: So do you know how many additional contracts?

Ms. Summers: That information can't be provided off the top of my head. I don't know. I'm sorry.

Mr. Hampton: You don't know the value of the additional contracts.

Mr. McCarter: There's a bit of information on page 170.

Ms. Summers: Yes, I was just flipping to the Auditor General's report.

Mr. Hampton: I'm sorry; I may have missed it. That's actually in your report?

Mr. McCarter: It's about \$49 million.

Mr. Hampton: An additional \$49 million?

Mr. McCarter: Yes.

Mr. Hampton: So in the awarding of that additional \$49 million, are these for new areas? Are these for extended services?

Ms. Summers: Predominantly, those would be associated with additional information technology projects that would be done on the information technology systems we have in place at Hydro One.

Mr. Hampton: Are those benchmarked as well?

Ms. Summers: The services provided? The services provided would be in accordance with rate cards that were established, and we have done benchmarking associated with the rate cards for the information technology services.

Mr. Hampton: Can I ask you a couple of other questions? I'm told that work on the power line municipal transformer station resulted in some very significant cost overruns, that initially the cost estimates for customer capital contributions were to be \$162,178. When it finally came in, was completed, customer capital contribution as of September 2006 was \$910,290. So it went from \$162,178—the original cost estimate—to a final cost of \$910,290. That's a whopping big increase. I guess it's about five times what the cost estimate was.

Ms. Formusa: We're not familiar with the project you're talking about or the dollars you've identified. Could you give us more information?

Mr. Hampton: This is the power line municipal transformer station. Can I ask you to check those estimates?

Ms. Formusa: Sure.

Mr. Hampton: And if I'm right, if the cost estimate went from \$162,000 and the actual cost was \$910,000—in other words, about five times—what could happen that would drive up the cost of an operation five times the cost of a capital project book, five times over what the cost estimate was?

Ms. Summers: I would assume that any time an actual cost increased by that much, it would be linked back to the initial engineering or estimate, or the scope of the project in the end would be different. So there would have been changes associated with the project. Typically, that's what you would see if you ever had an increase that large occurring that there would be fundamentally something different about the project from the initial estimate.

Mr. Hampton: I want to ask you about the Belle River transformer station. That was the building of a new transformer station. I'm told that Hydro One's records indicate that there was somewhere in the neighbourhood of an \$840,000 cost increase over what was originally estimated, or what would have been a reasonable original estimate. Can you tell me about that?

Ms. Summers: I don't have any specifics on the Belle River project. Certainly, we can provide specifics.

Typically, what would occur on a large project if the costs were increasing is you would have changes overall in the engineering. What could occur is, after the fact, when detailed engineering is done—generally, estimates initially are done on a preliminary basis; all of the detail wouldn't be available. As it gets to actually doing the building, there would be detailed engineering done. At that point in time, what you typically see is a refinement of that estimate, which in some instances could reduce the overall cost and in other instances may increase the cost because the way the work is going to be done would be fundamentally different. It might require more materials and supplies or less materials and supplies. So typically, when those cost increases would occur from your initial planning estimates to your next step, which would be a more detailed estimate, that's possible. In this specific instance, I'm not sure off the top of my head.

Mr. Hampton: I'm also told that when the project was completed, the transformer was filled with contam-

inated oil. To address that problem, that resulted in additional cleanup costs of \$500,000. Can you confirm or deny that?

Ms. Formusa: We'll provide you with that information. But no, I can't do that today.

Mr. Hampton: No, I'm not asking for that today. This all goes to value-for-money, so I don't ask you to have all of that information.

I want to ask you about the Niagara reinforcement project. As I understand it, that's a major project involving the construction of transmission facilities in the Niagara area. When you submitted your cost estimate to the Ontario Energy Board, you estimated it at \$116 million. At least, that's what our researcher found when we checked your submission to the Ontario Energy Board.

I'm told that not only have there been significant delays with the project, but there have been significant cost increases. So I wanted to ask you: In comparison to your \$116-million estimate that originally went to the Ontario Energy Board, what have been the cost increases, and what's the rationale, what's the reason for those cost increases?

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Ms. Formusa: We'll have to provide you with that information, if indeed there were cost increases.

Mr. Hampton: Okay.

Ms. Formusa: You do realize that that work is not complete—

Mr. Hampton: I understand.

Ms. Formusa: —so total project costs are not in.

Mr. Hampton: I understand, but I'm told that there have been some cost increases since that initial estimate and I just wonder, what's the rationale for it? What's happened?

I just want to ask you one other question. I'm not sure of this, but it goes back to Mr. Parkinson. Did I hear you correctly when you said that Mr. Parkinson might have to pay back to Hydro One a certain amount of money in terms of a benefit that was received?

Ms. Burak: Yes, I indicated that—first, I outlined the procedure that I have on a monthly basis to approve the CEO's expenses. They're submitted to me, and I review them and approve them. I also indicated that when the board discussed the Auditor General's report and when we got to the specific item relating to the \$50,000 that the auditor mentioned, where they found certain expenses that had been placed on the assistant's card related to the CEO, Mr. Parkinson provided the board with a summary of the items that he thought might relate to him and indicated that they were legitimate business expenses, and we had that list.

After his departure, a more detailed review of the expenses of the assistant was undertaken, and in fact his assistant helped us in that regard. There were expenses that in our view were not legitimate business expenses and which, when brought to his attention, we understand through his counsel, he thought he had repaid, and he did repay them. But we did ask for repayment of those expenses.

Mr. Hampton: What were those expenses?

Ms. Burak: It was about \$2,000 in transportation expenses, GO train expenses, passes that, for whatever reason, the assistant purchased on his behalf and were not reimbursed.

Mr. Hampton: Two thousand dollars in GO train expenses?

Ms. Burak: Passes, I believe; yes.

Mr. Hampton: The amount is not an issue for me. What would be an issue is, once again, the inappropriateness of charging expenses that are personal or perhaps family expenses in a way which is not supposed to happen. I ask you the question again: Can someone who does that continue, in your view—do they have the credibility to continue in their job?

Ms. Burak: As I've said earlier this morning, Mr. Hampton, what occurred in relation to expenses of the CEO and the administrative assistant's credit card should never have happened. That should never have happened, and I want to repeat again that we have since established a procedure to ensure that it will not happen again. All of the assistant's expenses will be approved by one superior above. I certainly think that we, at the end of the day, did what had to be done in the best interests of the company.

The Vice-Chair: Thank you. Mr. Flynn?

Mr. Flynn: I have a question, and I think some of my colleagues will have afterwards.

Just getting back on the same line of questioning that Mr. Hampton was talking about, I guess when you think about the old Ontario Hydro, you think of some of the large infrastructure projects. I think we'd all agree there's a bit of a spotted history back there. This is the first time this has undergone the sort of review that we are getting from the Auditor General in this, so it's timely that we talk about that and it's a good opportunity to explore whether the process that has been in place or the process that will now be put in place will provide Ontarians with the confidence that they are going to get value for money in the future when it comes to large infrastructure projects.

I wonder if you could speak to the approvals process by the board that currently exists and that may exist into the future: how you prioritize those projects—which one goes first, which one goes at some point in the future; how you monitor whether they're going well, whether there's a problem emerging and how quickly you can act upon those problems; what sort of a track record do you have to date on bringing in projects that are on time and on budget, and what sort of record would you like to achieve, what sort of goal do you have? Presumably it's 100%, but if you could give us some idea, maybe, where we're at right now and maybe—I don't know if this is a question for the auditor or for yourself—the role of the OEB in that whole process.

Ms. Burak: Maybe I'll start and than ask Ms. Formusa to pick up. On an annual basis, the board is presented with the list of major projects that the company will be undertaking, but we're also taken through the way in which management prioritized the projects: What was

their rationale for putting one project ahead of another? We then agree, approve the list, and the audit and finance committee would periodically receive reports on status. If there is any extraordinary change, the president and CEO or the CFO would bring it to the attention of the board.

I think it would be helpful for the committee to hear about the very rigorous process that management undertakes, both to determine priorities and to get the costs right. They do spend quite a bit of time on that before it comes to the board. Laura or Beth?

Ms. Formusa: There are a number of processes involved here. In fact, at the beginning, we weren't doing a lot of projects. There wasn't a lot under way, but there are so many projects underway right now that I have instituted a regular report to the board giving a snapshot of each of the major capital projects that they have approved so that they can monitor the progress. We decided to put some structure around that, and that is new, but it is driven by the number and size of the major projects. Rather that just from time to time telling the board about what's happening, we have a regular report. In fact, the CEO would often send updates to the board in between board meetings because they don't meet every month.

Management itself—the process around planning has evolved in the province. Right now, we have the Ontario Power Authority, which is responsible for overall transmission planning. Until that time, and even now, we still play a role, with the OPA, with respect to transmission planning. They are involved in our plans and we input to the overall integrated power system plan that they will be putting forward to the Ontario Energy Board later this year.

Outside of the IPSP, we have our regular planning processes. So annually we would get together as a management team and review the work that needs to be done. It's driven by investment planning. They would look at the reliability needs throughout the province—the loads as they're growing—and determine which projects had to proceed in which order, depending on the in-service dates. So if load was growing at a certain rate, as it was in the Stayner to Essa area, and we needed new transmission in place by 2009, we'd back that up and we'd put that into our plans.

We produced a 10-year plan originally and we kept that as a rolling plan. Projects came in, projects came out, depending on where we were in the process.

That's kind of the overall picture. We are, of course, required to receive approval from the Ontario Energy Board for our projects of a certain size. Actually, it's most of our projects unless they're under two kilometres, and that process is called the leave-to-construct process. So for each of our major projects that falls within the requirements of the act, we would bring the information forward to the Ontario Energy Board with our best cost estimates and seek approval for leave to construct.

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The board has an understanding of what the costs are at that time but, as Ms. Summers explained, sometimes things change in the course of—from approval to construction. We have been encountering, and I'm sure other industries could attest to this as well, commodity prices going up. The price of steel and the price of copper have escalated significantly, and from the time you do an approval to the time you construct or order the materials, prices can change. So there are a number of factors that come into play here. But we take those projects forward, we talk to the OEB about what the costs are; once it has received approval from the OEB, we bring it back to our board for their approval to actually spend the funds. So if a project is at the OEB for \$100 million, we would come back to the board and refine the estimate. If it's still \$100 million, then that's the number we give to our board. Ultimately, we have to go back to the OEB when we're seeking rate increases, and we update them on the reasonableness of the costs that have been expended. That's a very general and broad overview of what we do.

Mr. Flynn: Just one minor point, to follow up: When you're forecasting or trying to predict what the budget should be, is there an element to the process that would look at or try to forecast any increase in the price of commodities?

Ms. Formusa: Yes.

Mr. Flynn: There is; okay.

Ms. Formusa: Ms. Summers would like to explain that.

Ms. Summers: Yes. We would run, generally, the planning process on an annual basis. However, in certain instances where some commodities would be increasing in a very quick fashion, potentially during that process as the dollars are being established and we're setting up those detailed engineering estimates, there would be some discussion with procurement, who on an ongoing basis would be negotiating and entering into the contracts associated with those. For a very large project, dealing with a very large auto transformer or another piece of equipment which would be expensive and in addition to that also be linked to a lot of the commodity increases because of the overall increasing worldwide demand for them, that would be understood as we refined those estimates. So it would end up being factored into, I'm going to say, the more detailed estimate after the detailed engineering was done.

Mrs. Sandals: Maybe this follows along, because you've been talking about project planning and control. I noticed, Ms. Burak, in your introductory remarks, when we're looking at transmission control, you spoke about consolidating the control centres at Barrie. I'm wondering how that works into your corporate plan and what advantages that gives in terms of the corporation's financial situation.

Ms. Burak: I can tell you that savings were achieved when the centres were consolidated. I don't know whether Ms. Summers or Ms. Formusa have the actual dollars here to tell you about, but that was definitely an important element in our productivity achievements over the last number of years. Not only was it a productivity achievement for the company, but the way in which it was done resulted in a very positive audit of the grid

control centre by NERC, the council that ensures that all the transmitters that are on the interconnected grid have done a good job. I don't know whether we have the actual costs for that, but savings were achieved as a result of consolidation. We could get you those.

Mrs. Sandals: I guess, from a public point of view on this one, it also has to do with grid reliability and grid management. Did it, in addition to financial savings, provide some benefit in terms of transmission control?

Ms. Formusa: With respect to the operation of the system, the answer is, yes, it does, in the sense that we've been able to consolidate a number of operational functions in one centre. So we've got both transmission and distribution there. We do outage management from the grid control centre. It has enabled us to take a look in one place at all the issues on the system at any point in time, so it has been very helpful from an operational perspective.

Mrs. Sandals: So that provides a more coordinated response to whatever the current crisis is or just ongoing issues.

Ms. Formusa: Yes, and especially during the summer storms—that was the hub of activity for a lot of the work.

Mrs. Sandals: For managing; getting the system up again.

The Vice-Chair: Mr. Patten.

Mr. Patten: That's all the questions we have.

The Vice-Chair: Ms. MacLeod.

Ms. MacLeod: This morning we talked a little bit about the BPOs, the blanket purchase orders, and I'm just concerned. I want to talk a little bit about competitive selection and single sourcing, or sole sourcing. It seems that there have been inadequate controls in place in both of those areas, according to the auditor's report, and therefore a lack of value for money.

I'll be splitting my time with the energy critic of the Progressive Conservative Party, if I could add that right now. He always has a lot more to say than I do.

Mr. Milloy: He's not as eloquent, though.

Ms. MacLeod: Thank you, John.

We know through the BPO process that there weren't always appropriate measures in place, and we know that there were inadequate controls to ensure compliance.

I've lost my train of thought; thank you, Mr. Milloy.

In any event, the auditor has recommended that "to help ensure that it is getting value for money and that purchases are acquired through an open, fair and competitive process, Hydro One should follow established procurement policies and guidelines, and adequately document decisions made in the selection of vendors."

I do have a question. Hydro One has strengthened its procurement polices to ensure a competitive process. Can you describe the amendments and indicate the implementation timeline for us?

Ms. Summers: Hydro One, as a result of the Auditor General's findings, where it was identified in some instances, through the process, that there was sole sourcing without the appropriate documentation and there were issues identified which were not in accordance with

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policy—people are expected to follow policy, and we have reinforced that policy with employees through communication.

In addition, as I mentioned earlier, we have set up a compliance organization and put more resources into compliance. There was compliance work being done previously, but we have more resources associated with that, ensuring, on an ongoing basis, that this is adhered to going forward.

With respect to the policies themselves, we did review the policies and revise them in certain instances to ensure that the only circumstances where sole sourcing is acceptable are very clear to people, and in addition to that, we reiterated and looked at the policies associated with when a full RFP is necessary, when advertising in media would be necessary, and clarified those and, again, communicated them, and we established a compliance organization. All of these things have been done already.

The issues around the compliance organization: What happens, typically, is that the organization assesses the progress we're making to compliance on an ongoing basis. So it isn't all perfect immediately. The expectation is communicated out. The compliance organization would identify, walk through, where issues are identified and ensure that those individuals follow up, gather the appropriate documentation and understand clearly what the expectations are. Through time, what you would have is the compliance being complied with all the time, so you don't have these instances which aren't acceptable, where policy is not being followed.

Ms. MacLeod: Just one final comment till I cede the floor to my colleague: What's really alarming, I think, to many of us around the table is that we're talking about millions of dollars of taxpayers' hard-earned money, that, in some circumstances—whether it's a BPO worth \$6.7 million, which was essentially sole-sourced; a \$400,000 vendor chosen who was not the lowest cost compliance; and now a \$583,000 sole-sourced contract without adequate documents. We found this all throughout the auditor's report. These three examples are expenditures close to 8 million taxpayer dollars, and we don't know if we're getting value for money. I think that that is very important, that we know you have now put in place the appropriate checks and balances so that the policy is consistent and applied and so that taxpayer dollars-I mean, just in these three examples alone, that's \$8 million where we don't know, as legislators, and the public doesn't know, that should have been spent appropriately. So I just would like to know a little bit more about the checks and balances you've put in place so that we can protect taxpayer dollars in the future and then, Mr. Chair, I'll cede to Mr. Yakabuski.

Ms. Summers: The public expects and deserves a well-managed utility. Hydro One policy requires that we purchase goods to ensure the value for money. There were instances identified in the Auditor General's report where the documentation was not there. There were circumstances where, in accordance with policy, a request for proposal was required and it was not done, and we

have addressed that. Specifically, again, I'll reiterate that the value of setting up a compliance organization is on an ongoing basis. Management knows that if there are any issues happening, we'll follow them up. The way the process and the policy will work is that if there are any further compliance issues, the associated vice-president in the line of business would be identified, and it would be expected to be dealt with. We've clearly communicated not only the specific policies where the issues were to the employees, but we also sent out a general communication where we need a culture of compliance. Everybody needs to comply with policies, regardless of position. We've clearly communicated our expectations, and we're going to follow that up going forward.

The Vice-Chair: Mr. Yakabuski?

Mr. Yakabuski: Picking up where we left off, Ms. Burak, you said that Mr. Parkinson resigned with the understanding that he would be getting his severance. Was this part of a negotiation; you sat down and discussed this and came up with the press release, if you want to call it that, that the CEO of Hydro One has resigned? At any time during those possible negotiations, which you're going to confirm for me or state that they did not take place, did Mr. Parkinson say—because you all agreed that the best thing for the corporation and himself was that he go—"Well, if I'm not going to get my package, then this is a whole new ballgame and we'll be dealing with this in another way"? Is that somewhat how it came down?

Ms. Burak: I'll repeat what I've said. First and fore-most, the board agreed that his departure was in the best interests of the company, and we elected to honour the severance provisions that were in his contract, which enabled us to terminate his employment without notice and without cause for any reason whatsoever. The former CEO, in discussing the situation with us, elected to resign so that his presence would no longer be a distraction for the organization.

Mr. Yakabuski: Thank you, Ms. Burak. Now, I'm going to ask if you can keep those answers really short because, in the interests of time, we're trying to wrap this up, and I don't want all my time to be spent in getting the same answer I got previously, even if I am asking the same questions. However, in a different way, I'm—

The Vice-Chair: Let's have some consistency, Mr. Yakabuski.

Mr. Yakabuski: —phrasing it another way and hoping that somehow that might ferret out the answer. I'm going to ask you, and if you have to say, "I'm sorry, I can't answer that question," that's okay too. But (a) was this part of a negotiation; and (b) did the former CEO threaten or imply a threat at any time that if he wasn't getting his severance package, he wouldn't be going voluntarily?

Ms. Burak: To the latter part of your question, no. That situation did not occur.

Mr. Yakabuski: It did not happen. Thank you very much.

Now I'd like to shift gears a little bit and ask you: On what basis and how often do you, the board, the president

and CEO or any or all of those communicate with the Office of the Premier or the Premier himself or the office of the Ministry of Energy or the minister himself?

Ms. Burak: I meet on roughly a monthly basis with the Minister of Energy.

Mr. Yakabuski: A monthly basis. Okay, thank you very much.

How much time?

The Vice-Chair: You have more time.

Mr. Yakabuski: I know I have more time. I want to know how much. We need to quantify it.

So during this circumstance, this air surrounding the auditor's report, did the members of the board of Hydro One have discussions with the Premier's office and/or the office of the Minister of Energy with regard to whether or not Mr. Parkinson should be allowed to continue in his role as CEO of Hydro One?

Ms. Burak: Let me say that throughout that very difficult week I certainly had conversations with our minister and provided information to the shareholder about the specifics surrounding the auditor's report.

Mr. Yakabuski: Was any direction given from either the Premier's or the minister's office as to how to handle the Parkinson situation?

Ms. Burak: I can tell you that it was the board that determined and agreed that the departure of the former president and CEO would be in the best interests of the company. Obviously, the board was aware of public reaction and of discussion in the Legislature, but the determination that the former president and CEO should depart was a decision taken by the board.

Mr. Yakabuski: Again, was any direction given by the Minister of Energy or his office or the Premier's office or himself?

Ms. Burak: Only the board can hire the CEO and fire the CEO, and the board agreed that it would be in the best interests of the company for the former CEO to depart.

Mr. Yakabuski: We understand the corporate set-up, that the board would have to be the entity to terminate and/or accept the resignation of Mr. Parkinson. I'll ask you again: In those conversations that you routinely have with the minister's and the Premier's offices, was either implied or clear advice or direction given as to how Mr. Parkinson's situation should be handled? Either implied or direct?

Ms. Burak: My recollection of the public statements of the minister and the Premier both to the press and within the Legislature were very clear about their reaction to the report. I really have nothing more to add to what was said at the time.

Mr. Yakabuski: Was Mr. Parkinson asked to resign?

Ms. Burak: I'll repeat what I've said.

Mr. Yakabuski: Oh, please; we're running out of time. Actually, I remember it almost word for word.

Ms. Burak: I do respect the job that you have to do, Mr. Yakabuski, but I'm being candid with you. This is an independent board, and the board agreed that his departure would be in the best interests of the company.

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Mr. Yakabuski: We talked about the fact that Mr. Parkinson's expenses—you have said that some of them were appropriate expenses but inappropriately handled from a policy point of view, which was that he was putting expenses that he was incurring on his executive assistant's credit card and thereby avoiding your approval on those, whether intentional or not. I'm not making that as an accusation. But by doing so, it avoided or did not make it possible for you to be reviewing those expenses and/or approving them, and on some of those, they were not only inappropriately accounted for; they were inappropriate expenses.

Because this was going on for some time, there was \$45,000 or \$50,000 in expenses. Were you aware of this practice at any time prior to the auditor's report, or did the first that you knew of it come subsequent to the

release of the auditor's report?

Ms. Burak: The first time that I was made aware of this was as a result of the auditor's report, and I want to clarify what they did say. If you read the report, their whole reason in bringing it to our attention and subsequently disclosing the matter was that if there were expenditures relating to the CEO, they should have been put before me for approval. So, yes, that was the whole point. And I just want to repeat for the record that we have instituted changes in procedure that will ensure that this won't happen again. It should never have happened in the first place.

Mr. Yakabuski: My understanding is that the changes are that, as the acting CEO, Ms. Formusa's expenses and her executive assistant's expenses are now reviewed

directly by yourself. Is that correct?

Ms. Burak: That's correct, and as well, the expenses for Ms. Formusa and myself are reviewed twice annually by staff in the finance department and a report is prepared for the audit and finance committee. Finally, at the end of the year, our external auditor will review the expenses for myself, the CEO, the CFO, the general counsel, one other direct-report, and now all of our administrative assistants, and a report prepared for the audit and finance committee by the external auditor.

Mr. Yakabuski: And one final question, if I could just wrap that up, because then we can avoid another

rotation. Did Tom Parkinson resign?

Ms. Burak: The board agreed that his departure would be in the best interests of the company and elected to honour the severance provisions of his contract, which allow the company to terminate his employment without notice and without cause for any reason whatsoever, in which case he would be paid a severance. The former CEO, in discussion with the board, elected to resign so that his presence would no longer be a distraction for the organization.

The Vice-Chair: Thank you. I'm glad we got that answer so we can move on to the next questioner. Mr.

Hampton.

Mr. Hampton: I want to be clear on this. What the auditor disclosed was that Mr. Parkinson was not following appropriate procedures in terms of his own expenses,

and you agree that what was going on was totally

inappropriate.

What I think I heard you say when I last had a chance to ask a question is that subsequent to Mr. Parkinson leaving, you did an analysis of the \$50,000 amount and you then discovered, through the help of his assistant, that in fact there were expenses which never should have been there in the first place.

Ms. Burak: That's correct.

Mr. Hampton: They were in no way related to the corporation, corporate activities.

Ms. Burak: They were not business-related expenses.

Mr. Hampton: As a result of that, have you done any further reviews of Mr. Parkinson's expenses for previous years or previous activities within the corporation?

Ms. Burak: The ongoing practice has been that I reviewed his expenses on a monthly basis to ensure that they were appropriate business expenses, and I was always presented with legitimate business expenses. We are not going back into previous years. We're fixing the problem going forward, so that going forward even the assistants' expenses will be reviewed, not only by myself but by external auditors and by our finance department.

Mr. Hampton: In view of the fact that the auditor's report was not the first warning flag with respect to Mr. Parkinson, that there were other warning flags that were raised earlier in his career, why wouldn't you have a look

at those earlier expenses as well?

Ms. Burak: I think I've just said that I've been the chair since 2003. I've reviewed his expenses on a monthly basis, and I was always presented with legitimate business expenses.

Mr. Hampton: Have you looked at his assistant's

expenses for, say, 2003-04?

Ms. Burak: No. As I've indicated, what we have done is institute a procedure to ensure that, going forward, the administrative assistants' expenses will be reviewed both by the finance staff and by our external auditors.

Mr. Hampton: I want to ask some further questions about executive compensation, because it gets more interesting all the time. My understanding is that, for example, the chief executive officer of BC Hydro is paid about \$405,000 a year. The chief executive officer of Hydro-Québec is paid in the range of \$480,000 a year. Given that Hydro-Québec is in fact a much bigger and more complex organization than Hydro One and that BC Hydro is at least as complex—I would argue, more complex—than Hydro One, what was the justification in the first place for executive salaries at Hydro One to be four times what they were at BC Hydro and Hydro-Québec?

Ms. Burak: As I indicated earlier in the day, Mr. Hampton, when Hydro One was created, as you would know, it was anticipated that it would be privatized, so executive salaries were set at rates comparable to the private sector. While our board made certain changes to compensation in 2002, we continued to retain an essen-

tially private sector company comparator basis for compensation, primarily on the basis of the catchment area, and where, for example, the chief regulatory officer, whom we lost to BC Hydro for more money—where we might have to obtain his replacement from.

I think what is important to bear in mind now is that the government has established the agency review panel, whose first order of business will be to look at compensation in all of the energy company entities, not just Hydro One. Very significantly, in reading the mandate, the panel is being asked to look at public sector organizations in providing advice to the government. We await that advice and look forward to working with the panel.

Mr. Hampton: Since you raised the issue of the

panel, when is the panel to report?

Ms. Burak: To the deputy.

Mr. Wallace: The minister indicated that the panel will report in two phases. I believe he's talked about the spring and then later spring in terms of time.

Mr. Hampton: In terms of the actual order in council which creates the panel, when are they required to

report?

Mr. Wallace: The order in council sets an end date for the panel members on or before December 31, 2007.

Mr. Hampton: So they have until December 31, 2007?

Mr. Wallace: That is the formal wind-up time of the panel, of the appointment of the panels. The minister, as you know, has publicly indicated his intention to receive advice and reports from the panel substantially in advance of that.

Mr. Hampton: But they're not required to report until December 31, 2007, according to the order in council.

Mr. Wallace: The order in council indicates that the panel will report to the Minister of Energy, including interim reports as required and as appropriate. It does not actually require a final report, as you will know, legally. What it indicates is that the panel appointments will terminate on or before December 31.

Mr. Hampton: I don't think I have any further

questions.

The Vice-Chair: Thank you very much. Does anyone else have any further questions? If not, we want to thank everyone for being here today. I particularly want to thank the deputy minister for having sat through the whole term when his presence was, in a lot of cases, hardly noticed, but we do want to thank all of you: Madam Chair, Madam President, Madam Chief and the deputy minister. We thank you very much for being here and enlightening us on some of the issues at Hydro One. We will have further discussion as to a report and so forth, and I'm sure that you will be notified for your perusal.

Ms. Burak: Thank you, Mr. Chair. Mr. Wallace: Thank you, Mr. Chair.

The committee continued in closed session at 1351.







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Wednesday 14 February 2007

Standing committee on public accounts

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Mercredi 14 février 2007

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Wednesday 14 February 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Mercredi 14 février 2007

The committee met at 0935 in committee room 1, following a closed session.

2006 ANNUAL REPORT, AUDITOR GENERAL MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES

Consideration of section 3.03, community colleges—acquisition of goods and services.

The Vice-Chair (Mr. Ernie Hardeman): I call the meeting of our public accounts committee to order. We are meeting this morning to consider section 3.03, which is community colleges, acquisition of goods and services, in the 2006 annual report of the Auditor General.

We have with us this morning the Deputy Minister of Training, Colleges and Universities, Dr. Philip Steen-kamp. I see you've found a place at the head of the table, Deputy, so we will ask you to deliver your opening remarks to the committee on the topic at hand. You can then introduce the other guests who are here to help us in answering some of the concerns or questions that our committee may have about that section of the report. So thank you again for coming through this weather that we have here and getting here this morning to be part of this committee.

Dr. Philip Steenkamp: Thank you, Mr. Chairman. I would like to introduce my assistant deputy minister, Janet Mason, who is here to support me today. In addition, the committee had invited the four presidents of the colleges that were the subject of this audit, and they are here as well and available to talk to the committee: Pat Lang from Confederation College, MaryLynn West-Moynes from Mohawk, Anne Sado from George Brown, and John Tibbits from Conestoga.

The Chair: Thank you very much.

Dr. Steenkamp: Mr. Chairman, with the committee's indulgence, I'll just make a few opening remarks and I have a very short presentation. As I understand it, the committee would be interested in asking us questions, so I won't take too long on either of those.

I am here this morning to report to committee members on the implementation status of the recommendations made by the Auditor General of Ontario in his 2006 audit of the Ontario colleges of applied arts and technology. The Auditor General's report found that the purchasing policies at the audited colleges were adequate

to ensure that goods and services were acquired economically and were generally being followed. The audit did, however, identify some areas for improvement, and I'll report on the details of those in a moment.

All the recommendations brought forward by the Auditor General in his report released in December of last year are being addressed. The ministry really appreciates the work done by the Auditor General. We have a good history, I believe, in following the recommendations of the Auditor General's reports. If you go back to the 1996 report, the Auditor General made a number of recommendations on governance-related matters which I think led to a strengthening of governance frameworks and accountability frameworks and led to the emergence of our key performance indicators program. Then the 1998 auditor's report acknowledged that the ministry had taken significant actions to address recommendations. I just mention that in order to demonstrate historically how the ministry has appreciated the valuable recommendations of the Auditor General and how the ministry has acted on those.

I would now like to present the committee with an overview of the Ontario college sector and describe in detail how the ministry has responded to the recommendations of the most recent report. We have a short presentation for members here, and I do believe this has been circulated as well, if that's accurate. We have additional copies here if any member needs a copy.

First, just to touch base on the role of the ministry in post-secondary education, obviously the ministry oversees the overall structure of the system, the number and types of providers. The ministry has responsibility for degree-granting authority and governance structures. A significant role, obviously, is in providing operating and capital funding and establishing the objectives for the use of those funds, and, very importantly, to ensure that high-quality post-secondary education is available and accessible to qualified candidates through a variety of policy instruments, including tuition regulation, student assistance, targeted funding and various accountability mechanisms.

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The government provides annual operating grants to the colleges that provide approximately 50% of their revenue. Other sources of revenue include tuition fees, at approximately 26%, contract training and other kinds of ancillary fees as well. The colleges have the responsibility for determining program responsibilities and they

manage their budgets and procurements, obviously, within a framework which I will speak about in a moment. In this fiscal year, the total operating grants received by the colleges was \$1.2 billion, which was up \$467 million from 2004-05 levels.

This just gives you that breakout I spoke about earlier in pie chart form. You can see the percentage of the grant that is provided by government—close to 50%—tuition fees, ancillary fees and other income.

I want to talk now just for a moment about how the ministry holds colleges accountable. The key piece of legislation, the legislative framework, is the Ontario Colleges of Applied Arts and Technology Act, 2002. The regulation flowing from that act outlines roles and responsibilities of the boards of governors and requires that the colleges produce strategic plans, annual reports and business plans for the ministry.

The colleges, obviously, as agencies of government and also as recipients of taxpayer money, are accountable to the broader public and to government for their actions and for the achievement of goals, which need to be consistent with government priorities and with the principles of prudent financial management.

The ministry does not, however, have responsibility for the day-to-day operations of individual colleges. The governors of that college are authorized to govern the college and, as such, are accountable to students, employers and the communities. However, the ministry, through binding policy directives on governance and accountability and on operating procedures, has oversight to ensure that colleges are held accountable for the expenditure of public funds. We fulfill this role by reviewing strategic plans, business plans, including budgets, and annual reports, including audited financial statements, and we make recommendations to senior management and provide feedback to the sector. There is a requirement of audited statements of enrolment and audited financial statements as well. So it is an iterative process with the colleges.

There is also a framework which governs our relationships with the colleges called the multi-year accountability agreements. These agreements are in full operation for the first time this year; they were interim accountability agreements for the previous fiscal year. Under these agreements, the ministry provides institutions with a multi-year funding allocation, for three years, and that facilitates, in our view, improved financial planning and budgeting. Previously, we were providing a year-to-year allocation, which I think was creating some real challenges for colleges in terms of planning ahead.

The accountability agreements also lay out a performance framework which monitors the use of operating funds against the goals of access, quality and accountability. In the agreements there will be particular measures around those goals: numbers of students; numbers of students from under-represented groups, for instance; different measures around quality; and different requirements for accountability.

The ministry is committed to reviewing progress on these commitments annually and on revising the agreements as appropriate to ensure that the institutions remain focused on achieving the goals.

As well, an innovation in the last couple of years has been the establishment of the Higher Education Quality Council of Ontario through the Higher Education Quality Council of Ontario Act. That council has been given a broad mandate to ensure the continued improvement of post-secondary education by monitoring quality in the sector, by monitoring access to education and accountability. The council will report on performance measures through an annual report and then also conduct research on some of these keys issues. The council has recently been established—the chair is former Chief Justice Iacobucci—and is in the process of hiring its staff. The vice-president of research has just been retained, and it is in the process of establishing its research agenda and also putting together the first reports that will be submitted to government.

The multi-year accountability agreements include key performance indicators as well, and the colleges are required to report on these annually. These have been in place for a number of years and have been rolled into the multi-year accountability agreements. They report on indicators such as graduate employment rates—once students graduate, what are their employment rates after a number of months and then after a year? What do graduate satisfaction rates look like? What do the satisfaction rates of the people who hire those graduates look like? And what are the actual satisfaction rates of students going through those programs? As well, we look at graduation rates. So we have this information for all of the colleges, and we have the averages for the college sector as a whole as well. These indicators, I think, provide very critical information to students, parents and employers.

I want now to talk specifically about the recommendations of the Auditor General's 2006 annual report. This was the first value-for-money audit in the college sector. On-site audit work covered the purchasing policies and procedures at the four colleges mentioned. As I mentioned in my opening remarks, while finding that the purchasing policies at these colleges were adequate, there were recommendations made for improvement in four main areas:

—that the colleges should limit the number of years they use a supplier without re-tendering;

—that the colleges identify their needs before making significant purchases;

—that they develop procedures for evaluation committees and require that the price summary be checked by a third party; and

—that there be clear guidelines in place for gifts, donations, and meal and hospitality expenses.

Ministry actions to date: The colleges were informed of the Auditor General's recommendations via a memorandum from the director of our colleges branch on December 6, 2006. The memorandum directed colleges to review expenditure and procurement policies and report back to the ministry. We asked the colleges to provide us with a written assurance that their colleges

had adequate policies in place and met the spirit and the letter of the recommendations made by the Auditor General and that they provide us with a copy; or, in the event that the policies did not adequately cover these matters, that such policies be developed and that we be provided with a time estimate regarding board approval of revised policies. As of January 31, 24 of 24 colleges—all the colleges—have responded.

The responses to the memo concur with the Auditor General's findings: The colleges do have policies in place to ensure that goods and services are acquired economically. We are in the process of reviewing those policies and procedures, as they have just come in.

Response to the auditor's recommendations: The colleges have indicated that they are reviewing to make sure that they are in compliance and that they are updating their policies in accordance with those recommendations. Some examples are given there for your information. Some colleges are looking at implementing new procedures for requests for proposals; documenting renewal schedules; setting clearer standards for evaluating RFPs; managing formal tenders and RFPs by purchasing departments etc.; reviewing travel, hospitality and out-of-pocket expense policies; and reviewing the policies governing gifts, donations, meals and hospitality.

In summary, I would just like to reiterate that the ministry really welcomes the recommendations from the Auditor General. We do believe that these will lead to improved administration at the colleges and improvements to the accountability framework, and that they will generally improve accountability and enhance public confidence in our very strong college sector in Ontario.

If I could just take one moment, Mr. Chairman, to talk about some related issues because, in addition to these recommendations, we're working hard on a number of other areas to improve efficiencies in the college system. There's an initiative called the Ontario Education Collaborative Marketplace supply chain management initiative-quite a mouthful. This is a very important consortium which allows colleges to maximize their purchasing efficiencies. We are working with colleges and with the Ministry of Finance to improve or increase college involvement in this very important e-marketplace which connects buyers and suppliers. This will provide for more effective and efficient procurement of goods and services for colleges, but also for school boards and universities as well, and we believe it will result in some savings which can obviously be spent on other areas that are related to student services. I just mention that as an example of the work we're doing to look at sort of continuous improvement in the administration area generally.

With that, Mr. Chairman, I will conclude my remarks. We welcome questions from the committee and the presidents are available, of course, to take questions from you as well.

The Vice-Chair: Thank you very much for the thorough presentation. It's much appreciated.

GEORGE BROWN COLLEGE CONFEDERATION COLLEGE HAWK COLLEGE OF APPLIED ARTS

MOHAWK COLLEGE OF APPLIED ARTS AND TECHNOLOGY

CONESTOGA COLLEGE INSTITUTE OF TECHNOLOGY AND ADVANCED LEARNING

The Vice-Chair: With that, we will let the members of the committee, in rotation, have a discussion with yourself and hopefully with the presidents of the colleges who are here this morning. I want to welcome them too. Hopefully all the questions can be answered.

We had some discussion, and maybe it would be beneficial to the committee—I think we have enough chairs here, so with the indulgence of the committee we can have some of the committee chairs being used by the presidents. I would ask if the—

Interjection.

The Vice-Chair: You're first.

Mr. Richard Patten (Ottawa Centre): You might want to rotate—

Mr. Rosario Marchese (Trinity-Spadina): Why don't you start?

The Vice-Chair: That's the standard practice of committee.

Mr. Patten: No, it isn't. I'm sorry. I was Chair of this committee for many years and I used to rotate the beginning, starting question.

Ms. Lisa MacLeod (Nepean-Carleton): I'll be quick.

Mr. Patten: Go ahead.

The Vice-Chair: I would ask if any of the presidents who are here have an opening statement they would like to make as it relates to their presentation here. If not, when the committee has questions I would ask, for Hansard purposes, if you would identify who is speaking in answering the question so Hansard can properly record remarks of individuals this morning. With that, we will start the questioning with the Conservative Party.

Ms. MacLeod: Good morning. Welcome here today. As we indicated I guess, prior to your arriving, you guys are a success story in this year's auditor's report and it's a bit of a good-news story, so I want to congratulate Ontario's colleges today, as well as the deputy minister, for keeping things in line because these are taxpayer dollars.

I'd also be remiss not to mention my community college and Mr. Patten's, Algonquin College, which does a super job in the city of Ottawa.

With that in mind, not all good news comes with 100% good news. There have been a few areas where we do need to see some improvement. Specifically, that's with competitive acquisition practices. I just want to touch on that, albeit briefly, as it was a rather short report by the auditor because you guys have done a great job. But specifically, I'd like to talk to you about re-tendering. None of the audited colleges had policies regarding the maximum number of years that colleges may deal with a

vendor without re-tendering. I know that you've addressed this in your response. In fact, I guess you've agreed to limit the number of years that colleges use the same supplier. You've developed and implemented some policies, and you require that purchasing departments oversee major purchases made by other departments in your colleges.

With that in mind, I'm wondering—you've agreed to do this—could you give us a time frame now for retendering? Have the policies been implemented? Have they been implemented province-wide at each of our colleges and universities? Do they vary depending on the type of service or the products being acquired? Would each of you like to tell me a little bit about your university and how you're handling it, and perhaps a deputy minister would be able to let us know if this is going to be applied uniformly throughout the province.

Dr. Steenkamp: Maybe I could just begin. In terms of the uniform application, we have received all the policies and procedures. We're in the process of doing that review, so we're kind of in that iterative process. We would be expecting that there would be a uniform application of all these recommendations.

I think the presidents will be able to talk to you about the specifics of what they're doing. While things will vary from college to college, as they should, we will be looking for some basic uniformity and to have some basic principles in place. If we could start with Anne Sado of George Brown College.

Ms. MacLeod: I wore brown for her today; I heard it gets the job. They have great billboards.

Ms. Anne Sado: Thank you for wearing brown. I get a hard time some days if I wear different colours, but I dressed in Valentine's pink or red today.

I just want to say that first of all we as a college also welcomed the Auditor General's visit and the recommendations. I think it always provides a good discipline for a different set of eyes to look through what sometimes we assume is day-to-day business. To sit back and take a look at our policies and make sure that they are up to date and that we have the required controls in place is very healthy and beneficial, so we thank you. We found the audit both constructive and very useful.

In terms of the re-tendering specifically, our policy is that we're silent on that. In many cases, we did have a natural policy to do that. For example, for audit services we've traditionally had a five-year requirement, and we have followed that, so that in the fourth year, as a matter of practice, we have always gone out with a new RFP for audit services.

For some of the others, we were silent on it. For example, we had found that some purchases, which weren't necessarily large purchases, like furniture, were continuing, so we have now implemented a new policy. We are in the process of totally revising our purchasing practices to be more specific. That has been drafted and will be going to our board in March. In the interim, we have said that all contracts will be renewed every three to five years, and the difference is on the basis of the nature

of the contract. So if it's something a bit larger, we might do it every three years. If it's something more standard or where there aren't as many providers for the service, we might do it every five years.

We also are part of the buying consortia, so we do buy a number of our services as part of the consortia that the colleges have, so we will of course conform to the renewal practices there. In one case, where we weren't doing as regular a period renewal, which is furniture, we have now put out an RFP for the furniture that we have to purchase, and we're going through that evaluation now.

Ms. MacLeod: Perfect. Thank you.

Ms. Patricia Lang: Pat Lang from Confederation College. We also appreciated the visit by the Auditor General's office. We're using this as a learning opportunity to ensure that our practices are indeed appropriate. We appreciated the feedback and the co-operation that we had from the Auditor General's staff when they were visiting.

We have since gone on and reviewed our board policy. The board of governors has reviewed its policy to ensure that it is accurate, current and relevant, which it is. We are reviewing our internal policies as well. For example, our banking and our auditing contracts go out for renewal every five years. We participate in a large consortium within Thunder Bay that is made up of the city of Thunder Bay, the school boards, the hospitals. So we access the services of that consortium and our partners in that consortium to ensure that what we're buying is the most cost-efficient.

The Vice-Chair: Thank you.

Ms. MaryLynn West-Moynes: Good morning. MaryLynn West-Moynes, Mohawk College. I closed my institution today and got up at 5 o'clock this morning, so the QEW is still working, folks.

I've been in post-secondary education for 21 years and one of the things that strikes me, having done some work in other kinds of institutions, is how well the audit process has worked in our system. It led to better buying mechanisms for us as a system, and there were four very reasonable recommendations made by the auditor and, as other speakers have already said, we've incorporated them. We did have a procurement policy. It needed to be tightened up. We have put stronger guidelines in place about extending tenders for unreasonable amounts of time, and I think that was a worthy recommendation that we've moved to in our institution.

Our board has a financial management policy. They too have reviewed their policy, and tonight they will review our procurement policy if the weather allows them all to get to the board meeting.

The Vice-Chair: Thank you.

Dr. John Tibbits: John Tibbits from Conestoga, just west of Toronto. Very much similar comments; it's really more complex than you might realize, certainly in the financial audit area. There are rules that say we have to go out on a regular basis, and we do, and we're part of similar consortia—some of them are provincial, some of them are local—and obviously we follow those practices.

The key issue for us right now, and our next board meeting is in March, is how long—it depends—that retendering process should be. If you're dealing with a mortgage, for instance, on a residence, we have a 25-year agreement at this point, and that seems to make sense. With a cleaning contract, perhaps 25 years would be unreasonable, but with a food contract service, perhaps, you might want to have five years because of people bringing in equipment etc. So I found, as others did, that it's certainly a very reasonable recommendation, and the idea now is to go from the ideal to what is best practice. Certainly we support the recommendations and we will make the necessary changes over the next four to five weeks.

The Vice-Chair: Thank you very much.

Ms. MacLeod: Thank you. Deputy Minister, would you like to wrap up?

Dr. Steenkamp: I think you did hear from the college presidents that everybody is paying attention to the recommendation. We'll be implementing the recommendation, but I think, as indicated, there needs to be some flexibility. It's the principle of re-tendering which is the important principle here, and I think everybody accepts that principle. When we review everything, we will provide the kind of clearing house for the sharing of best practices here and, to the extent that we can put a framework around this, we will do that as well. But it has been a very useful recommendation, as the presidents have indicated.

Ms. MacLeod: Could I just pick up on that? What is your time frame for the review and implementation?

Dr. Steenkamp: We're right in the middle of the review process. You've heard from a number of presidents that they either have been to boards or will be going to boards shortly, so I would say we will be in a position by the end of the fiscal year, which is the end of March, to have done that review and have provided that information to the institutions.

Ms. MacLeod: Perfect. Thank you for answering that question.

I have one more question with respect to some of your purchases that were managed by non-purchasing personnel, and this resulted in some cases in material non-compliance with your college's policies. As you can appreciate, we're actually here in public accounts, value for money, and we want to ensure that every dollar intended for Ontario students gets to those students. With that in mind, I'm just wondering: You've committed to require that purchasing departments oversee major purchases made by all of your departments. Can you comment on the oversight policies and procedures, and has your senior management reinforced that managers must follow purchasing policy and procedures at all times?

Ms. Sado: Yes, we actually have included already that policy within our guidelines, and our purchasing department does oversee. We actually have a committee process, if there is a larger tender, so we have input. We have now documented specific valuation criteria, but most importantly, we do have a requirement that our pur-

chasing department does oversee all contracts and all purchases. So that's the final point of authority before recommending that all is in line, before we approve.

Ms. Lang: We have a purchasing department of 1.5 people. So we are going through a training process with all of our managers, but we're also creating a checklist for when the purchasing agent must be involved. That's going to be mandatory when the criteria will be set and when the final bids are being analyzed. So we've had to find a way to make that accommodation, given the size of our institution.

Ms. West-Moynes: I'll just build on what Pat has said. It's MaryLynn West-Moynes, Mohawk College.

It's great to have policies, but if they're so detailed and you have hundreds and hundreds of them and people can't find the information quickly, more often than not we find that we don't have consistent compliance in an organization where you have 1,300 people on your payroll every month.

I think the key message that Pat has raised is you have to have a training mechanism that's alive and well in your organization to make sure that the people who are actually the budget holders, or the decision-makers in this case, have the skills and the tool box in order to get the job done appropriately.

So two things on that: One is we've put a checklist at the front of our procurement policy and are now going through all of our purchasing policies doing the same thing; and the other is we have an admin meeting once a month. This topic happens to be on the agenda for this month and will follow every February for the next couple of years to make sure we're keeping up to date. Hopefully, that'll help us keep it alive in the organization.

Dr. Tibbits: I would agree. I think in our case basically 99% of the decisions would be made by purchasing.

We also have a probably very unusual practice compared to others that may seem bureaucratic. We have 1,000 cost centres and our capital starts at \$200, which is very small. So when you have multiple campuses, it may—we do that to control. That's a controlling factor because otherwise, and I may sound terrible here, but if you have a larger amount you can put together packages of, let's say, \$500, and \$500 adds up to \$2,000. So we've put in a process, because we're heavy in the trades area, where it's \$200. I'm quite confident in 99% of our decisions, and we hope that would be the case at the purchasing because we know, first of all, they get a better deal. I know myself, there's no way I would buy anything unless I go through the purchasing person, because I'll probably get taken to the cleaners. I'm not shrewd enough.

Mr. John Milloy (Kitchener Centre): Oh, come on.

Ms. MacLeod: Well, thank you. If the deputy minister would like to wrap up on that note and just talk maybe, if you could, a bit about the training mechanisms that you could see your department assisting these colleges with. I know that's a big undertaking and it's not lost on us. I know when you're looking at value for money, you have to scrutinize further, there is more

oversight. It takes a little bit more time for people to properly understand what they're doing. So I think that would probably rest at a provincial level. Maybe if you could talk a little bit about that; then, I think my questioning is finished.

Dr. Steenkamp: As I mentioned in my opening presentation, in one area in particular, looking at purchasing consortia, we are working with the Ministry of Finance and in fact providing some resources because we recognize that colleges, in particular smaller colleges, sometimes may not have the personnel or the resources to engage in these kinds of initiatives. We would be happy to do that in other areas, including this area. I mean, we have expertise, obviously, in the ministry on the financial administration side. We obviously follow the OPS policies and guidelines, which can assist in terms of providing some parameters here.

As we get these policies and procedures reviewed and identify key issues, I think we'll be able to identify some cost-cutting themes. If there are issues like training in this particular area where we think we could play a useful role for the sector as a whole or where we have identified a number of colleges who have a best practice in that area, then we can act as the agent in terms of facilitating a sector-wide approach on those issues.

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Our challenge, of course, is that it's a huge system. To the extent that we can provide general guidance and support on key and overarching issues, but we don't have much capacity ourselves to get into day-to-day administration. What's been so useful about this audit and the review of the policies and procedures that are coming in is that we're able to identify some of those more strategic, higher-level themes and initiatives and then, I think, have a better sense of where the ministry could actually play a constructive and facilitating role, because we don't want to get into the business of micromanaging the colleges either. So it's always that issue of trying to find the balance, but we certainly are committed to looking at where we can assist, including training.

Ms. MacLeod: Okay. Thank you very much and enjoy the weather today.

The Vice-Chair: Thank you very much. Mr. Marchese.

Mr. Marchese: As I was driving down with this weather, I was reminded of the status report that we got the other day, and I thought, the auditor issues these recommendations and they're good in terms of having to fix some of these problems. The ministry issues a memorandum and the colleges are very happy to comply, and I thought, why are we meeting? I thought it would be brief. And I think it is going to be relatively brief, but I wanted to make a couple of comments.

I wanted to say that the colleges have been underfunded for a long time. I think you all know that, and you are all kind enough not to even talk about it or to be very modest about how you say it, for good reasons, I suppose. But you've had a 40% increase in students and the money you have gotten has never been commensurate

with those students. Colleges are strapped for cash in terms of what they do. I know that half of the college professors are working on a part-time basis, more and more are part time. So there are incredible stresses on the system and the ministry and the colleges in terms of not having the people to be able to do the job properly.

You talk about the tool box, and you talk about the skills and the training, and all of that implies money and implies people, I think, but in the absence of those people, it's great to have the Auditor General. I'm a big supporter of the Auditor General and a big supporter of the Ombudsman because these are the people who provide oversight for the weaknesses in the system. When they reveal those problems, hopefully we have an opportunity to fix them because we can't see all these problems in the college system, university system and many other aspects of government that we control. So I wanted to say that by way of statements.

One of the questions was answered that I wanted to ask in terms of timelines and when that would be done, and you've answered that, so that takes care of that question.

Another point that I have, or question, to the deputy: There is the BPS Supply Chain Secretariat; it's been in existence since 2004. On page 10 you're talking about the idea of encouraging colleges to participate. I'm assuming that they have been participating, but you're talking about encouraging them to participate. Is there a problem with respect to whether or not they are participating and why you need to encourage them, if indeed they are, or is there a problem with that?

Dr. Steenkamp: Thank you for the question. There isn't a problem. Some have been participating; some have been participating more than others. We'd like to get everybody as fully into this as possible. In fact, I believe we've had more participation on the college side than the university side, so we have some work to do with the universities. Now, some of the universities, being really large entities, have their own sort of approaches and consortia. It's not that this is necessarily mandatory, but we do think it offers some significant advantages. The Ministry of Finance has recognized this and has provided some resourcing, which will allow us, I think, to increase and improve the participation not only of colleges but some of the other public sector organizations as well.

Mr. Marchese: Since that was set up in 2004, how much would you estimate that the government, or the ministry, has saved as a result of it?

Dr. Steenkamp: I know there are figures on that, but I don't know those figures. We could get that information for the committee.

Mr. Marchese: Auditor General, have you reviewed that part of—

Mr. Jim McCarter: No. It's a fairly new initiative by the government and, as I indicated in the in camera briefing, we actually felt that the colleges were doing a pretty good job entering into purchasing consortia in their local communities, where they could, or in the GTA with

other community colleges. I think Confederation College is partnering with broader public sector organizations. We actually gave them kudos in our report for the strides they had made in that area.

Mr. Marchese: Okay. Just another question because it came up: The Higher Education Quality Council of Ontario is still headed by Mr. Iacobucci; is that correct?

Dr. Steenkamp: That is correct.

Mr. Marchese: Is it also correct that he has been appointed by the federal government to some position with them? Are you aware that that might be a full-time job?

Dr. Steenkamp: I believe he has been appointed to head up the Arar inquiry. But Mr. Iacobucci assures us that will not be a full-time job and he can continue as chair of HEQCO.

Mr. Marchese: And you feel good with that?

Dr. Steenkamp: Yes.

Mr. Marchese: That's it, thank you.

The Vice-Chair: Mr. Patten.

Mr. Patten: First of all, let me congratulate you for coming down here. It was asked earlier—Mr. Marchese raised the question—and some other members of the committee said, "Well, the report is pretty positive. Why should we have these people here?" I'd like to answer that question, number one, and then I have a question for

primarily the college presidents.

Often the negative part of either government or our partners ends up in the media. I can imagine—I'm going to be asking you for your reaction to this—it's an attempt that somehow the taxpayers are getting ripped off by someone, and the institutions feel bad and the government ministry feels bad or the department feels bad or whatever it is. From time to time—and it's not very often and not that everything is perfect—it's kind of good to see that you've had a third party—and I must say, for the first time the Auditor General has gone in, is rather satisfied and, in spite of that, has a few recommendations. So I want to congratulate you. I want to know how you feel about going through the exercise and the most important thing is whether you feel that's valuable, because you're still independent colleges.

I come from the voluntary sector historically and I find there is often a resentment of the eternal and perpetual hand of government that knows best—like grandpa coming in and telling you what to do all the time—and trying to work toward universality, consistency. I was happy to hear the deputy say no, that's not what we're trying to do. We're not trying to micromanage. We're trying to provide some supportive ele-

ments and some opportunities.

I have two questions, basically, and my colleagues

will have some questions as well.

(1) What did you find of value in the experience, if any?

(2) On the consortia, I think it's important to bring out—and I'd like to hear the experience of some of the colleges—that the colleges were doing this before the government even identified this.

You see what I'm trying to get at, eh? The psychology is that the strength is in our communities, the strength is in our colleges. Government is there to be supportive and nurturing, to be helpful and facilitating as well as sometimes, when it has to, provide regulations and codes of conduct and things of that nature.

Let me leave my questions there and you might have various reactions. I'm particularly interested in whether this was a learning experience for you and, secondly, what some of you have been doing already in your consortia, in your communities, that was taking place prior to even the establishment of the Ontario Buys

supply chain program.

Dr. Tibbits: Conestoga is in Kitchener, Waterloo, Guelph and Cambridge and we've been part of a consortium for at least 10 years—probably 12—with the University of Guelph, the other two, Laurier and Waterloo, the school boards and the municipalities. That's worked, I think, very well. We identified that. I've been president of Conestoga for almost 20 years and there's no question, the public sector is under more and more pressure to operate cost-effectively, so we moved to that. It was common sense, and we will continue to look at those avenues. I want you to know, though, that sometimes we can purchase things cheaper outside the consortium. It's an odd thing. But it certainly is a good strategy.

1020

As far as whether this is worthwhile, we're certainly all used to financial audits. We know we're going to be audited every year financially. In a previous life, I worked for Deloitte Touche as a management consultant and did comprehensive audits. I do think that audits—it's like going for a health exam every year or going for a fitness test or taking an exam. I do think it provides a certain discipline to the organization.

I have to say—and I don't want you to think we've got anything to hide. I don't mean that. We didn't throw all the files in the garbage or anything like that. But you're always a little bit nervous when these things go on.

Interjection.

Dr. Tibbits: I'm joking. We put ISO into our organization a number of years ago, and I remember this cartoon in which the president and the head of finance are talking about whether he got all the files in the car so he can drive away quickly so they don't really see the information. That's a joke, by the way. But I do think it provides a discipline. I think we did learn something from this; there's no question. I do think it's important for public institutions to be on their toes. I don't think one should have the assumption that you can do whatever you want. So we certainly didn't resent it. We were curious to see the results. You're always worried: Is something going wrong? I really do think it'll make us a better organization for the future. I certainly think we'll keep our eyes on some of these recommendations, and I think we'll do a better job. The other thing is that everyone in the organization knows this could happen again, so we're not just all going to fall asleep and move on.

So I think it was a good process, personally. Certainly I think we had some recommendations from the Auditor

General on how maybe things could be done this way or that way, but in principle, we certainly didn't resent it. We think that we'll learn from it and we'll be a stronger organization.

Ms. West-Moynes: I'll go next, then.

First of all, I want to underscore, and I think the four of us would agree, that any time the colleges get recognition for doing a good job and representing the students we serve in Ontario, it helps us get our agenda across that, really, our graduates are driving the economy of this province. That's an important message that has to be underscored more than it ever has before, especially in days when more and more students are trekking to the universities. I think at some point in time we're going to have to take a closer look at where the real work is going to be. I'm mindful that in the 1970s in California, the college movement began because there were all these university grads who couldn't find work or who were very dissatisfied with the work that they found.

So to your question of, "Does it feel good?" I'm proud that we've had such a great report. That report underscores the accountability that goes on in Ontario college

systems.

I'd also like to recognize the Auditor General and his staff. I've never been through this kind of an experience. Yes, we all hire our own auditors, but there's a different kind of relationship there. Our financial department have reported to me that they felt they were treated with respect and that they stuck to the work plan as much as possible. Certainly the Auditor General himself did a good job in helping me, personally, understand what was going to happen as part of the audit, and that was very helpful for a new type of activity for a public sector institution.

We've had varying success on the consortium, quite frankly, because, I think as John has said, we were a part of one in our local community, and sometimes we were finding that we could find ways of buying things cheaper out of the consortium. So we are one of the institutions that's starting to look at the provincial consortium much more closely, Philip, and I think we'll probably move forward on that sometime in the next year or so.

Ms. Lang: I won't reiterate what my colleagues have stated. I'll just make two points.

One of the interesting facts related to the consortia when you live in small northern and rural parts of Ontario is to find the balance between the monies that are spent locally and spending your money wisely and cost-efficiently, and I know that that's always of interest to our board, as well as to the people of northwestern Ontario, so we've been involved with the consortia long before I came to the college, and I came to the college in 2000. We're proud now of the fact that we spend about 90% of our dollars in Thunder Bay, because it is an important element for people to know that their dollars are being spent locally.

In terms of our learning from this, probably the most powerful element for us is that it gives credibility to what we're doing within our institution. When we're sticking to the guidelines that are created for the purchasing personnel that are both provincial and national standards, it reinforces for all of our staff that they're not doing that to be difficult, they're doing that to be accountable, and that we all need to be accountable. That was for us the biggest learning. What enables our work to go forward is knowing that we've once again reinforced the importance of that.

Ms. Sado: One of the comments, Mr. Patten, that you made was about the perpetual hand of government. I think that we all feel we do have a significant portion of our funding that does come from government, as the pie chart showed. I think that's a totally appropriate role for government. As noted before by all my colleagues, we did find the exercise of value because I think always a third party coming in and ensuring that there are adequate processes and opportunities to share across the system and make sure that we have best practices in place is, in fact, of value, so I certainly echo the comments of my colleagues.

We do about \$10 million of consortia buying in the items of printing, photocopying, security, natural gas, hydro. We have found those to be of benefit. We're always looking at prices and it also gives us another price-point comparison. As John mentioned, sometimes you can find things outside the consortia that are better because maybe it was a deal that was negotiated two or three years ago and if you have enough volume, you can actually still negotiate a great price.

The other point that was mentioned specifically in the audit is our Bibliocentre, which is something that all 24 colleges in the system do participate in. We buy all the books and periodicals and resources for our libraries through that. That has proven to be a very valuable opportunity for us to save significant dollars every year on those purchases which are so core to our fundamental mandate.

Mr. Patten: My colleagues have some questions, so I'll pass it over.

Mrs. Liz Sandals (Guelph-Wellington): Yes, thank you. I want to follow up a bit on the consortium question, if I may. I suspect I may have first met you, John, back negotiating local consortia, because I was on one of the local school boards that John would deal with back then, so there has been a long history of local and sector consortia. I think there's an interesting tension between, do you do a provincial government consortia, do you do a commodity consortia across a sector, do you do a local consortia where you bring all the different players within a local community into the consortia? All those models are out there right now in varying ways, and you probably have different combinations of memberships.

I'm wondering where you see this landing. Are we moving more towards provincial sector and provincial government consortia and less local consortia, or do you see this landing as some sort of combination, or is that going to vary actually from community to community that serve your needs? You actually need some flexibility around which of those models you participate in, because

I think that's going to be a question in the broader public sector, not just for community colleges. But my sense is you've been involved in this for a very long time, so that your experience may help inform other sectors within the broader public sector. I'd be interested to hear your comments on that.

Ms. West-Moynes: I'll go first. I think it's a great question. I have to tell you I was born and raised in Wawa, and if you think it is only the northern community that wants to know where public sectors are spending their dollars, I can assure you that Wawa and downtown Hamilton have the very same thoughts on that process. It's a great question, Liz, I have to tell you that. 1030

I think one of the gifts that you've given to the college system is that we have some autonomy. I would caution against too much ministry control over our purchasing because it allows us to walk the balance of the question that you're raising, and it allows us to look at consortiums where it makes sense. So on the Bibliocentre: We're all buying books. It's just a good decision for colleges to get into that, and probably it's not a business that there is local competition in. But there are many things that we purchase where, if we can get equal value for equal money, we are wise to be reinvesting in our community, because the strength behind a community college is the relationship we have with business and industry.

That would be my response. I think it's a great question, but I think we should try to find a win-win-win and not get out of balance in any one way.

Dr. Tibbits: I would echo those comments. I think there's another issue. I think it depends on what the product is. It's one thing to buy natural gas, which could be provincial, but the other part is relationships. For instance, it's something that I don't think was highlighted in the report, but certainly in our place, we have hardly bought any furniture at our college in the last 10 years, and yet we have got a lot of furniture. We are in a very dynamic economy, so as companies ebb and flow, we sort of have understandings that they will give us their furniture.

For instance, Clarica became Sun Life, and there was integration there with Sun Life. There was some additional furniture—hundreds and hundreds. NCR just went down. We have to be in a position that we can take advantage of unique opportunities in the local community but also build relationships. I don't mean relationships in the sense of an old boys' club; I mean real, long-term relationships between the college and the community. So we need some flexibility, and where it makes a lot of sense for us to be in these consortia provincially, I don't see why any one of us wouldn't be there. If it makes more sense to be locally in certain products, we'd be there locally. So I think, as MaryLynn says, we need some flexibility, the kind of flexibility that results in a better deal for the overall community and for the taxpayer and for the students locally.

Ms. Lang: I certainly support my colleagues' comments, and for the Bibliocentre, for example, it's estim-

ated that that saves the college system \$10 million annually. We participate in a provincial consortium related to energy. We also participate in a college consortium related to insurance, and then we have our local consortium as well.

Just in terms of the importance of that balance between being cost-effective and yet committed to our community, our board of governors—we are a policy governance board, which means that it's always written in the negative, but the statement is very clear that the president shall not make purchases without due consideration to quality, after-purchase service, value for dollar, opportunity for fair competition and ability to do business in northwestern Ontario. So it's that very interesting tension and dynamic, as you mentioned, in terms of meeting both needs.

I'd just like to say that if John has any furniture, I'm a poor little college in the north and we could ship it up there.

Ms. Sado: I wrote that same one down, John. But this is a very interesting approach.

Nothing new to add, other than I think the real key point for me is balance. Managing the whole process as well is key, making sure that it's as efficient a process as possible but also balancing the needs of the communities. Even though I'm in downtown Toronto, we have probably a lot of opportunity with other places, I think, just in general, with the autonomy that we have to balance many competing needs. But also, the opportunity to share information about best practices and do some comparisons, which we do have access to, puts us in the best position to hopefully make those best decisions.

Mrs. Sandals: Thank you very much. That's a very thoughtful sort of way, because certainly, sometimes when you look at consortiums, it can vary quite dramatically, whether you're a small player outside of the GTA or a big player inside the GTA, what your own purchasing power is. Sometimes there is a system advantage to consortia, which may not necessarily be an individual advantage depending on which player you have to be. So that's another balance to introduce into the system as well. But thank you very much for your input on that.

The Vice-Chair: Mr. Milloy?

Mr. Milloy: Yes. First of all, thank you all very much for coming out. I particularly have to make mention of my home community college, though I can't believe that you're described as being just west of Toronto; I prefer to think of Queen's Park as just east of Kitchener.

Can I just pick up—and perhaps this is more to the deputy—on this whole consortia issue? To be honest with you, in the pre-briefing the auditor said that you folks are way ahead of the rest of the world, so there are some lessons I think you have for the rest of government.

When looking at the deputy's presentation, he talked about Ontario Buys, the BPS supply chain management initiative, the OECM and then the individual regional consortia. Who coordinates these? You talked about encouraging community colleges, but at the same time I take it community colleges aren't mandated. How do all

these things sort themselves out so that we don't have a situation of a community college that's paying X dollars for something and a educational institute literally down the street that's paying less? How are these things sorted out or coordinated?

Dr. Steenkamp: Corporately, the Ministry of Finance has taken the coordinating role precisely for that reason, so that we can look at colleges, universities, school boards and other public sector institutions. There is a kind of corporate secretariat which has the responsibility for looking at what's available right across the public sector but for also going out and talking to public sector institutions about the advantages of becoming part of consortia, finding out what they're involved in and how they are involved. But it goes back to that question, I think, of making sure that the role we're playing is a facilitative role here and that we leave the flexibility in place for many of the reasons that have been mentioned by many of the presidents. There isn't a one-size-fits-all solution here.

I still think there is more work to be done in this area, not only in the purchasing area but, as I have travelled around the province—I've visited each of the 44 institutions, the universities and colleges, over the last six months—I think there are areas in which government could assist in identifying greater operations for collaboration and co-operation and efficiencies. Student admissions, for instance, is an area where I think we could identify a need for a more collaborative approach.

We do take that role very seriously, our role as the coordinator, in the sense of having a sense of the entire picture—what's going on at the individual institutions—and then making sure that they are plugged into corporate initiatives like this purchasing initiative that we've spoken about.

Mr. Milloy: Sorry, what do you mean by "student admissions"?

Dr. Steenkamp: I'll give you an example. You have small institutions running their own admissions systems and they're introducing their own kind of software for student admissions or whatever it is. It just seems to me that there probably is room for some collaborative work on those issues and some efficiencies that might be available. What I'm trying to indicate is that we're not assuming that all the efficiencies and all the collaborative initiatives are already in play. We are out there actively looking at where we might assist, so institutions could perhaps be spending a little less on administration and more on programming. There is a commitment to look for opportunities.

I haven't come to a conclusion yet. I have these discussions with the college presidents about what the next areas might be, but we will work systematically through purchasing and then we'll look at other areas where there is opportunity for collaboration. It's amazing what you learn when you're out there about what's already under way and what best practices are in place. So I do see the ministry as a bit of an agent. The college presidents obviously have their own organization, of presidents and

of colleges, but I see the ministry as a bit of an agent as well of identifying those areas where there potentially could be future collaborations and potentially some future efficiencies.

1040

Mr. Milloy: To pick up on one of the points Mr. Marchese made about college funding, there has been a history of funding challenges. Two budgets ago, we saw a significant increase in colleges, and you talked about some of the accountability agreements. In terms of translating into dollars or percentages, what sort of increase have we seen and how are you working with the colleges? You talked a bit about some of the accountability, but are there financial controls to make sure that the money is being directed? Just leaving it open-ended, how is it all working together?

Dr. Steenkamp: As I mentioned in my comments, in 2006-07, so this fiscal year, we have moved to a new interim three-year funding framework. The funding is allocated on a three-year basis now. In the multi-year accountability agreement, government identifies the funding for each year, and then we have been in discussion with the institutions about what results we might expect to see for that funding. So there are performance measures around a set of access issues, a set of quality issues, and as well, we agree on what the accountability mechanisms are there.

It's early days, and part of the job of the Higher Education Quality Council, I think, will be to monitor quality access and accountability and to give us advice on whether the measures we have in place actually are the right measures or whether those measures are robust and actually do speak to those particular issues.

We're doing this, of course, in the context where for 2006-07 the college transfer payments will be \$1.192 billion, so that's an increase of 23%, or \$224 million, over the 2004-05 college transfer payments. Then, in 2007-08, the transfer payment should move up to \$1.242 billion, and in 2008-09, to \$1.254 billion. So it is in a context where we are seeing increases to operating budgets.

The ministry appreciates well the ongoing challenges that colleges have and some of the pressures that they are facing, but we are pleased as well to have been able to introduce very significant increases in operating budgets. I think this is why we've been successful in concluding these multi-year accountability agreements, and we look forward to seeing measurable progress in areas of quality and access. I think we've got in place now a very robust accountability framework, which goes back in fact to the Auditor General's report of 1996. We've been working on accountability since then, but I think the instrument we have in the multi-year accountability framework is state of the art, and we have had a lot of interest from other provinces in this particular vehicle.

The Vice-Chair: Mr. Arthurs?

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Good morning. As well, I want to extend thanks for the great work on behalf of students and the economy in the

province, and to congratulate you simply for getting here his morning. MaryLynn and I will know the challenges from Durham; I don't envy you the challenge from Hamilton. I hear about it a lot from my colleagues here. I think yesterday was minus 17, this morning it was about minus 15, and I think it'll be the same going home.

This leads me, in part, to my question. Given the cold weather we're having and the energy challenges—energy was mentioned—we're all facing, what types of collaborations are currently ongoing, or are there some, with respect to energy, not only in the commodity but the energy conservation initiatives, particularly around some of the deferred maintenance? I know there's been discussion going on. I'm just curious as to whether the colleges are collaborating in that way as well to meet those particular challenges.

Ms. Sado: We do have consortia in place for the natural gas and hydro, as an example, so we are part of a much broader buying group there to try and minimize the cost that we pay. That's the one that I'm most aware of. We have undertaken a number of other energy conservation initiatives as part of our ongoing maintenance work. For example, we have systematically, over a number of years, been replacing the windows in our oldest buildings. We have the great benefit of being in downtown Toronto but also the great challenge of not being in education-purpose-built facilities. Part of our facilities is the old Christie cookie factory, which was built 120 years ago; part is the Hallmark card factory. They have wonderful history but sometimes challenges in terms of the buildings themselves. So we have replaced our windows systematically with whatever the right terminology is in terms of not losing heat and not requiring us to cool as much in the summer. Those are some of the initiatives that we've undertaken.

Ms. Lang: Yes, we participate in an energy consortium for both gas and electricity. That's a provincial consortium. About four years ago, we started a process for energy retrofit throughout the entire institution, and that was self-funded with a large commercial operation which we engaged to implement that process.

Ms. West-Moynes: Wayne, I can assure you the travel from Hamilton is indeed worse than the travel from Durham. For 20 years I complained about coming from the east into the city, and now I get to know what the other half of the world lived with.

The same on the energy purchases: We've just had a report presented to Mohawk that said that if we were to borrow \$19.5 million and amortize the cost of that to retrofit our facilities to be energy-conscious, we would make back the majority of that money—not all of it—in 20 years; we're short about \$3 million. I really do applaud my colleagues who have already done that, but I believe that could be a good strategic movement by the government for some of the old infrastructure that's going on. Colleges by their very nature have not generally borrowed a lot of money. It's not common practice for our boards. Quite frankly, not all of them are comfortable doing that. Yet I've seen the business case on

this particular endeavour, and to me it would be a good utilization of public sector funds.

Dr. Tibbits: There are three points here. One is the consortium and getting the best prices. We are fortunate that November, December and half of January were warm. We did better in that regard. We've got to continue to do better in that regard and we're working on that.

The second part is what my colleagues have been talking about: the retrofitting. Most of us are doing or have done, I would say, the short-term return; you get a payback within a few years. I do think there are perhaps opportunities on more long-term use. Colleges have sustainable green energy sites, but it would involve a significant investment and more long-term return. Whether it's geothermal, solar or wind etc., there are opportunities, but it's very difficult for an individual institution to take that upon itself.

I think there's another part, though, a third part that I call the cultural/human behaviour side. I was at an event the other day and this person had their child in, taking some tennis lessons, and he was idling his car for half an hour there, reading the paper. To me, that's just appalling. What we are trying to do—and we can't enforce that in our community, but certainly inside, we set rules as far as in the summer, we will not drop the air conditioning below about 77 or 78. We just say, "That's it." I don't expect people to show up in bathing suits, but you have to get used-in the winter, we will not put the temperature above 69 or 70, and we expect people to dress accordingly. There are some of those things: We close down parts of buildings in the evening if they're not being used. There are a lot of cultural/behavioural things that we're working on.

But there's something we want to think about strategically, and that is, how do we move the public sector to more long-term energy efficiency? I think we need some strategic initiatives which would involve both federal and provincial support, because the payback for any college president is certainly not short-term. If it's not within five years, you're in trouble. Some of these are 20 years, and you're anticipating perhaps energy pricing going up this way too. So the payback in 20 years could be longer, or more, as in larger.

1050

The Vice-Chair: Okay, thank you. That concludes the questioning.

Mr. Arthurs: Unless the deputy has anything.

Dr. Steenkamp: Just a short comment. This is a hugely important area. The ministry has done a couple of studies, one at the college level and one at the university level, which demonstrate this case.

For an investment in energy efficiency, you could save significant operating dollars. As the first sort of signal of the government's interest in this area, the economic stimulus package announced by Minister Sorbara in the fall included \$30 million, part of which is going towards energy efficiency projects at colleges. We have seen very compelling business cases developed by a number of colleges which show that, for this investment, there's a

significant return and a corresponding decrease in the pressure on the operating budget over time. But there's still a lot more work to do in this area and it's potentially an area where we could get into an interesting partnership with the federal government as well.

Mr. Arthurs: Thank you.

The Vice-Chair: Thank you very much. Do you have a further question?

Mr. Patten: I don't have a question, but I just wanted to underline one aspect that was mentioned that seems to me is important, and also for the auditor. When we do value-for-money, sometimes the best price is just looked at. What I find encouraging here is that a number of colleges, especially the northern colleges outside of the major centres, are playing a role in helping some kind of economic development in their own region or their own area or part of the province. This is absolutely crucial in importance because, even though you may be a small college, you're a major player in that community in terms of employment and in terms of stimulating business.

My point is, to us more than to you, the colleges: Here we are with probably some teaching business development or economic development and things of this nature, and then we find ourselves getting sucked into province-wide consortia. Where appropriate, that's fine. The problem with that is that it ends up in Toronto, and that's not necessarily always in the best interests of some of the smaller communities throughout Ontario.

I would offer this to the auditor as well in consideration for the value-for-money audit. You know what? It may sometimes be a little bit more expensive, but it's pretty expensive when you're paying a lot of welfare payments to the north. It may be a little more expensive on a product that's produced in the north—but wherever you can engender and help to create and support economic development, it seems to me. So I hope that perspective is there as we go forward. Thank you.

The Vice-Chair: Thank you very much. I think the auditor would like to say a few words, when you folks

have come so far.

Mr. McCarter: No question, really. But I mentioned in camera that we really did receive co-operation from the four colleges. I suspect it was a bit of a learning experience for the four colleges; it was for my staff. I do thank you. We did receive excellent co-operation from your staff, and it certainly allowed us to expedite the audit. So thanks very much.

The Vice-Chair: I too, on behalf of the committee, want to say thank you all for coming. Referring to the trip from Hamilton this morning, I can assure you that it was a tough ride. When I got to Hamilton, I was halfway coming to Toronto, and I've done that for some time. Most of the time it's a very nice trip.

We do want to thank you not only for your cooperation with the Auditor General's department as they did the audits, but for coming here this morning and explaining not just the issues that relate directly to the audit, but some of the other issues about where we're going with co-operative buying and so forth, what works and what doesn't. You've been very insightful and helpful in getting some of that information in the public domain. We thank you very much for coming and we do wish you well.

Usually, upon the completion of an audit and the review that we're doing a year or two later, there is a reaudit. I'm sure that it will come out perfect at that point in time.

The committee will be dealing with the presentation following this presentation as to what further work needs to be done to accommodate the committee. We will inform you as to what the results of that debate are. Thank you again very much for coming.

Ms. Lang: If I may, with all due respect to everyone feeling sorry for my colleagues travelling in the snow, where I live it's minus 45.

The Vice-Chair: There is no end to the problems.

We will go in camera just for a few minutes.

The committee continued in closed session at 1056.



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2006 Annual Report, Auditor General: Ministry of Public Infrastructure Renewal

Chair: Norman W. Sterling

Clerk: Katch Koch

Assemblée législative de l'Ontario

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 29 March 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 29 mars 2007

The committee met at 0940 in committee room 1, following a closed session.

2006 ANNUAL REPORT, AUDITOR GENERAL

MINISTRY OF PUBLIC INFRASTRUCTURE RENEWAL

Consideration of section 3.10, Ontario Realty Corp.—real estate and accommodation services.

The Chair (Mr. Norman W. Sterling): Good morning. My name is Norm Sterling. I am the Chair of the public accounts committee. Thank you for coming on such short notice. We appreciate that very much.

I don't know whether to refer to Ms. Gray as the chair of the board of directors or Mr. Glass as the president and CEO, but I invite either one of you to put forward any opening comments you might have. After that, we would ask questions, and you may answer them directly or you may call forward any of the people you have brought with you. I'm going to turn it over to Ms. Gray, the chair of the board of directors.

Ms. Carol Layton: Actually, I'm going to start. I'm Carol Layton, the Deputy Minister of Public Infrastructure Renewal. So it's going to be myself, just to begin with some opening remarks, and then leave it to Carol Gray and David Glass, if we could.

First of all, I would like to thank you for the opportunity of being able to present before the standing committee on public accounts relating to the 2006 Auditor General's report.

My purpose is in wanting to speak to the very strong and collaborative relationship we have with the Ontario Realty Corp., and that positive relationship is certainly because of the strong leadership we have in the chair of the board of directors, as well as in the CEO of the Ontario Realty Corp.

Dave Glass, CEO, came to the organization fairly recently. He's a leader who has demonstrated pretty early on all the capabilities to lead an organization with a complex business line and a massive portfolio of property that we have. He engages all stakeholders in partnership to establish the highest calibre of customer service and professional capability and long-term value. There are many competing demands that he deals with on a very efficient basis.

Prior to the appointment of Dave, we also had Greg Dadd, who came in and had to act on a pretty urgent basis for the organization. Greg was incredibly effective in that. Greg is sitting to my far right. He is now the chief operating officer and continues to make a significant, positive contribution in moving the company forward through business and strategic planning and in building relationships with employees and customers. I first of all wanted to emphasize the comfort that we have and the strong relationship that we have with the agency.

The board of directors that Carol is going to speak to has a wealth of experience, but I'd be remiss if I didn't speak to the strengths that Carol Gray does bring as chair of the board of directors of the Ontario Realty Corp. with her extensive background in the financial services sector, including former executive VP at the CIBC. Carol and I have certainly enjoyed many opportunities to work together and to liaise and talk about the many different issues.

The ORC has undergone a significant change over the past three years or so, including its move to PIR in just under two years. I really feel that that agency's coming into the Ministry of Public Infrastructure Renewal was a great decision taken by the government. With the alignment of it to the other business that we do, just to give an example of that: Public infrastructure renewal is the ministry that is responsible for infrastructure policy and planning, the long-term framework under ReNew Ontario and also for alternative financing and procurement, but things like growth planning and intensification as well. When you talk about things like life-cycle management, when you talk about asset management, when you talk about sustainable infrastructure, when you talk about brownfield development, when you talk about intensification, when you talk about the growth plan and green spaces, all of those things, the ORC, through the work that they do, contribute to those broader government objectives that we have. So I wanted to make an emphasis on that.

The corporation is a very professional organization and certainly one that has responded to some of the challenges it faced in the past by putting in better processes and procedures. I know that Dave is going to talk a lot to those sorts of changes.

A really good example that I wanted to highlight of where you see the integration of all the work of the Ministry of Public Infrastructure Renewal with the ORC is the announcement of the archives building being constructed at York University under the oversight of the Ontario Realty Corp. with that subway line that's going to be extending into York region located right below that building. So we're seeing there intensification, we're seeing there transit policy and we're seeing there a great new public works project all under the one ministry. I wanted to highlight that example.

Through the reorganization of the ORC, it's focusing on reinforcing its role around client service and asset management, establishing greater liaison and providing a higher level of service to client ministries, which is critical, as well as the advice that it provides to the Ministry of Public Infrastructure Renewal.

It's also important to recognize the accountability relationship in which we all work. We have the minister, of course, who is responsible for reporting to the Legislature and giving assurance to the Legislature on the affairs of the Ontario Realty Corp. We have a chair, who reports to the minister. We have a CEO, who reports to the chair. We have a deputy, who reports to the minister, and then we have, of course, the many senior VPs, who liaise with the ministry as well. So having a very effective relationship and having good, strong liaison between all of these different partners is critical in ensuring that we have a well-run organization and we are well positioned to deliver on the strategic objectives of the ORC as they relate to the Ministry of Public Infrastructure Renewal.

Just to also comment on some of the important governance instruments, in a sense, or documents that guide an agency that have been in place or are in the process of being in place, we do have an updated MOU that has been approved through the Treasury Board process and is in the process of being signed by our respective partners. We have a new realty services management agreement, which will outline the specifics of the day-to-day responsibilities between the agency and the Ministry of Public Infrastructure Renewal. We have first-ever service level agreements with each of the ministries which have been in place since January 2006, a significant milestone for the agency. The ORC is now finalizing occupancy agreements with ministries that will address service level expectations and obligations on a site-by-site basis. Together, these accountability mechanisms set the framework for better performance and to really measure the performance of the agency.

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The corporation's annual reports are now up to date with the tabling of both the 2004-05 and 2005-06 reports. The Auditor General noted it in his report also and, in fact, commended the role of the internal audit function in the agency. I can't underestimate the importance that internal audit plays in an agency in two key roles: the advisory support that audit provides to an agency and its board of directors as well as the assurance role that it is able to provide as well, and in particular, giving assurance of good systems, good processes, good procedures and a good assessment of the risk factors that are out there that any agency—any enterprise, in a sense—has to

attend to. The internal audit group reports to a subcommittee of the board of directors that is an audit committee, and that is on improving governance and oversight.

As I quickly go through this, the ORC has implemented a couple of pretty interesting initiatives. One is a geographical information system otherwise known as GIS, which is a state-of-the-art system that provides mapping which supports our decisions on our surplus properties. In fact, that particular system has received a couple of awards, including the 2005 Showcase Award, which is the Ontario government's sort of Grammy award for excellence.

Before I hand my remarks over to Carol Gray and to Dave Glass as well, I'd like to comment on a couple of other initiatives that we're really pleased that the ORC is delivering on. One of them is the Toronto Waterfront Revitalization Corp. The ORC is the agent for the province in that initiative. Exciting work is happening out there, down at the West Don Lands redevelopment project. In fact, that is a project that will provide intensification; it's going to provide affordable housing. But in the berm that's about to be constructed down there, we're going to be protecting an area from the Don River to Yonge Street, roughly 450 hectares of land, in the event that another Hurricane Hazel hits the city of Toronto. That's an exciting project that we're certainly and in fact, for the minister, it is his number one priority for the ORC.

The 10% energy conservation target, which we are well on the way to achieving by the close of this fiscal year—which we are just a few days away from: If you drive along Grosvenor Street and you've been frustrated by the different signs that have restricted your flowthrough, that's because of the deep lake water cooling project that is under way there. We will begin to see the impact of water from Lake Ontario cooling Queen's Park rather than the chillers that we have in place now—an important contributor to our environmental objectives. Also, the greening of buildings in many other ways, for example, the LEED silver standard—LEED stands for Leadership in Energy and Environmental Design-that we will see with the rebuilding of the Red Lake office, but also the LEED gold that we will be achieving and striving for down at the West Don Lands.

The other point I would want to make is that we have another agency, Infrastructure Ontario, which is the agency that is, through the alternative finance and procurement method, overseeing the construction of many important projects. But I would want to emphasize that the close relationship that David Glass has with David Livingston, their CEO, is important as well in ensuring the clarity of roles because both of these agencies do provide services to ensure the construction of public works. We do have a good delineation of responsibilities as we work our way through that process.

I wanted to just take you through some of the accomplishments, all of them excellent examples of how the ministry, through the ORC, is contributing to achieving

the priorities for the people and further enhancing the confidence of the public, the government and the Legislature in the government's ability to be prudent and efficient in the management of public funds.

I'm now going to pass the baton over to Carol Gray, who, as chair of the board of directors of the Ontario Realty Corp., will provide some remarks as well.

Ms. Carol Gray: Thank you, Carol. Good morning. I'd like to address the committee on the role of the board of directors and our governance practices. First, I'd like to talk about the directors on the board because it's how people perform governance that makes the difference between governance performance and governance compliance.

Our board is consisted of seven independent directors and one deputy minister, John Burke, who represents a client ministry, MMAH. We have one vacancy for another deputy minister from a client ministry. In composite, we have over 50 years of experience in the real estate industry, including land development and project and property management. We have deep expertise in real estate law, enterprise risk management, and operations, and senior executive experience in running large organizations with complex multi-stakeholder relations. Our governance practices comply with the CICA regulations and the CSA standards. We benchmark our governance processes against the best practices as defined by the Canadian Coalition of Good Governance.

We evaluate our performance annually and set performance improvement goals, which are published in our annual report. A description of our board's committees, our governance work plans and our practices is also published in our recent annual report. The board has a commitment to ongoing education in the area of governance. All of the directors are members of the Institute of Corporate Directors. I'll be receiving my certification on corporate directorship later this spring. A recent internal audit rated our corporate governance practices as satisfactory.

Now I'd like to turn to the role of the board as it relates to the value-for-money audit, which is why we're here today. I have three comments. Firstly, I'd like to thank the Auditor General for completing the value-formoney audit. The board is always seeking independent information about management's performance. The report is a fair assessment of the corporation, and with its recommendations it provides a road map for continuous improvement. The board will be monitoring management's progress in implementing these recommendations.

Secondly, governance is often associated with accountability. To have accountability you must have clearly defined responsibilities. The board of directors is accountable to the minister. The board's responsibilities, along with the responsibilities of the minister, the chair and the CEO, are defined in our memorandum of understanding. We have taken this broad set of responsibilities and defined them into practice in our board committees, our terms of reference, our delegations of authority, and our job descriptions for directors, committee chairs,

chair, vice-chair and CEO. We each know our responsibilities and we can be held accountable.

My final comment is on independence. The board's independence is vital to judge decisions and to oversee management. Our independent directors are recruited and selected through a transparent and merit-based process, with the governance committee taking the lead in identifying the profile we are seeking, interviewing candidates and recommending our preferred candidates to the minister. In all cases, the minister has supported our recommendations. We operate in a no-surprise environment with the minister. I have regularly scheduled meetings with him at least on a quarterly basis, and there are, as Carol has mentioned, regular meetings and interventions between not only myself and the minister but between the CEO and the deputy minister and all levels below.

Value for money, or, stated another way, risk and return, is at the heart of the corporation's strategy. The board cannot evaluate management and their decisions based on the metrics of a profit-driven organization in a competitive market. However, we can and we do oversee management, their strategy and decisions through the lens of a risk-and-return model. The board strives to provide this independent evaluation of the risks that management takes and the returns that they create. It is through this independent risk-return evaluation that the board can support the Auditor General's value-for-money goal.

I'd like to now pass our opening comments on to Dave.

Mr. Dave Glass: Thanks, Carol. I'll make this very brief. As Carol mentioned, I started in early September. Over the last six or seven months I've met with dozens of stakeholders. I've met several times with all of the employees of the Ontario Realty Corp., sometimes in large groups and sometimes in small groups. I'm impressed with the corporation. The people have outstanding skills. The leaders within the organization are truly leaders, not simply functional managers.

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I'm also impressed with the Ontario public service. The people I've met are good people and very helpful in terms of working with us to improve. They come with constructive, instructive suggestions on what we need to do in the future.

From the board's perspective, I think the relationship between the management of the corporation and the board of directors has moved sharply towards one of trust and mutual respect. The roles are clearly defined. From the Ministry of Public Infrastructure Renewal, the people, the policy, the strategies, the greenbelt strategy, Places to Grow—all of the activity around infrastructure and asset management is really on the mark. As I was going through my due diligence leading up to early September, that was one of the things that contributed positively towards my decision to come to the Ontario Realty Corp.

In early September, I had the opportunity to read the audit that we're here to discuss and to meet with Jim

McCarter. I found the audit, again, very insightful from a non-real-estate organization and very instructive. The recommendations are good and they have been very useful in terms of helping us formulate plans for the future.

Beyond the responses that we made at the time of the audit, we've made a number of improvements related to those recommendations. As examples of that, I think we've made significant progress towards inventorying the provincial government real estate assets. We've created a development group with the capacity and the capability to build and implement strategies for key properties. We've developed a multi-year sales plan related to significant surplus properties. Our 2005-06 annual report clearly articulates performance measures and targets that the corporation set for itself and achieved in some cases, and didn't achieve in other cases.

In 2006-07, we've developed a number of key performance indicators to further measure our performance, primarily at the operational level, so that we can benchmark ourselves against other public jurisdictions and the private sector. We'll be implementing those measurements in the upcoming fiscal year.

We've also resourced the data integrity, data quality department, and we built action plans to address this issue by the end of 2007-08 and to maintain from that point on.

In conclusion, I think there are a lot of opportunities for the Ontario Realty Corp. We have a plan. The plan has been built based on inputs from many stakeholders, and the Auditor General's report has contributed and will continue to contribute to our success in the future.

Thank you.

The Chair: Okay, we'll go to questions now. I'm going to start with Mr. Hardeman.

Mr. Ernie Hardeman (Oxford): Thank you very much to all the presenters for the very insightful presentation. We appreciate that.

I want to just quickly focus on the relationship, with the deputy minister starting off with saying how well the system is working, because the Ontario Realty Corp. fits with the planning process with the Ministry of Public Infrastructure Renewal. When the chair of the board speaks, it's very important that we have the independence. I want to know how we meet the two challenges, that we need to be completely in sync with each other as we plan for the future, and we want complete independence for the Ontario Realty Corp., because the infrastructure that the realty corporation is responsible for and how we deal with that is not always—the principles are not always coterminous with the Ministry of Public Infrastructure Renewal. Obviously, they too are customers to Ontario Realty Corp.

You mentioned that there's a memorandum of understanding, an agreement as to how that relationship is going to be handled. Has that memorandum been updated as we've moved forward and changed to accommodate the challenges that those two solitudes would create?

Ms. Layton: It was updated just a few months ago, actually. I think it was in January that it went through the decision-making process.

Ms. Gray: Yes.

There were several questions contained in your overall question, but on the MOU, the memorandum of understanding, it was reviewed and renewed over the past year. That sort of frames the overall set of accountabilities. That work spurred on a review and renewal of our delegations of authorities, as I mentioned: our terms of reference for each of the board committees, job descriptions and so on. So it had a whole cascade effect through our governance practices.

Maybe I could just talk briefly about your comment

around independence, and then I'll let Carol-

The Chair: That's a public document, is it not, the MOU?

Ms. Layton: It's accessible, absolutely. They're accessible, MOUs. I don't think it's sitting up on our website right now, but it's a document that we could easily make available.

Mr. Hardeman: If I could just get right down to the order of reporting, Deputy Minister, you report to the minister, the CEO reports to the chair of the board, and the chair of the board reports to the minister?

Ms. Layton: Yes.

Mr. Hardeman: Do the chair of the board and the deputy minister report to each other?

Ms. Layton: No. First of all, the minister is the shareholder; that's the first important thing to remember. It's the minister, as shareholder, who reports to the Legislature. The chair of the board reports to the minister. The CEO reports to the chair, and that's where you get the—David is an employee of the chair and his employment contract is with the chair. The CEO and the deputy minister—we don't have an exact reporting relationship. My responsibility is to report to the minister, but it is through the monthly meetings that I have with David that I'm able to do my job of understanding the goals of the agency, how it's progressing and how it's doing. That's a fairly—

Mr. Hardeman: I guess the question is, can you or do you ever report directly from Ontario Realty Corp. to the minister without going through the chair of the board?

Ms. Layton: Do I? Mr. Hardeman: Yes.

Ms. Layton: Say that again. Do I ever report? I absolutely have many conversations with the minister about different activities of the ORC, but I do that because of the close relationship I have with David Glass and the various other executives—not only the close relationships that I have, but the assistant deputy minister and the staff that I have. So yes, indeed, there are many conversations we have with the ORC, because it's the minister who provides the policy direction to the ORC, but it's the ORC that operates with the operational independence that it has to have. The minister does not oversee that, but when it comes, for example, to a recent multi-year sales plan being developed by the ORC using

the judgment of the ORC, it has to be signed off by the minister as it makes its way into the treasury board process.

In a sense, it's a complex relationship, but it's all guided by something called the Agency Establishment and Accountability Directive that itself was written by the previous administration back in the year 2000. It's one that guides every ministry in the development of its relationships with all of the agencies we do have. Does that help?

Mr. Hardeman: Yes, that's very good. Thank you.

Ms. Gray: I also want to point out that I'm a non-executive chair. So the relationships that Carol described are important in order for the whole machine to work properly. It's not like I have a full-time job sitting in the organization; I'm a non-executive chair.

Mr. Hardeman: Thank you. The Chair: Ms. Martel?

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Ms. Shelley Martel (Nickel Belt): Thank you very much for being here this morning. The way I'm going to deal with my questions is really to go from the front of the report to the back, so I'm going to start on page 220. You have your copies with you just to make it a little bit easier for you. It has to do with dual responsibility. At the very bottom it says, "The ministry has also assumed responsibility for the rationalization and potential sale of 11 major properties, many of which had ... been earmarked for sale through the corporation." It's the ministry that's going to facilitate the disposition, but the corporation will play a role in the sale.

Do you want to tell me why we have 11, how they got targeted, why that's happening if the ORC is essentially supposed to have management over the properties? I don't understand what those 11 are about and why they

now have shifted to the control of the ministry.

Ms. Layton: It was back in November 2005 that that strategy was developed. It's one that's an evolving strategy. It's important to appreciate that the government-and Jim McCarter in his report certainly acknowledges that there's an awful lot of surplus property out there and we have to get a whole lot better at identifying the surplus properties and get a whole lot better at thinking about how we dispose of them where they are surplus. So it was the policy direction to determine the actual framework under which the ORC would work to inform its sales plan. It was developed by the Ministry of Public Infrastructure Renewal, working with the Ontario Realty Corp. So it was through the work of the ORC that we were able to identify 11 strategic properties back then that should be considered for disposal, but recognizing certain principles. First and foremost is that the public interest could not be compromised. A second principle was that we had to think about it in the context of value for money: Let's think about how we can dispose of properties that can maximize return to the province; for example, take them further through the development process.

What was apparent back then—and I was brand new in the job, literally a month into the job when that

came—was that we had to provide some policy changes to help facilitate the work that the ORC has to do, which is to actually be the agent for the province in readying these parcels for divestment and working with the different stakeholders impacted by that. I would argue that it is a partnership. We weren't overtaking a role of the ORC, but it was a partnership that we were developing and we put a specific, very small team together. It's still a small team of about four people who provide, in a sense, the dedicated support to the agency to help clear the path, whether it is policy changes to the OIC process or whether it is liaising more with ministries and just helping the—because it is the government; it's Minister Caplan and this ministry which is the owner of the land. The ORC is the agent.

Ms. Martel: Okay. Can I stop you there?

Ms. Layton: Yes.

Ms. Martel: What I don't understand is, if you implement policy changes, why can't the ORC continue to have responsibility for the disposition of this property? I'm happy that you're having policy changes and I hope that's going to help you do your work, and I assume that's the point of the matter, except I don't understand why, after doing all that, the ministry has to have responsibility for these properties.

My second question would be, is this going to happen with other properties? I would assume that if you were given the policy changes to do what you're supposed to do and to help you do that, then you would continue to deal with the disposition. All the value-for-money considerations and maximizing the return for the province would be what you would be doing. I would expect that with any piece of property, whether the ministry is selling it or the ORC.

I don't think you've really answered my question about why target these 11. Are more going to be targeted as well, if the goals are the same, and they should be, for both organizations?

Ms. Layton: Just to refer you to that same paragraph that you're looking at, it says, "The ministry will facilitate interministry co-operation to advance their disposition"—this is about interministry co-operation—"but the corporation will continue to play an active role"—this says "an active role," but it is the role—"in the sale of these properties." I think that's what's critical here, the government facilitating it through the work of the many different stakeholders, because it is the government that has to give assurance that the public interest is not compromised.

There are 11 sites. There are many more in the inventory, but at that time there were 11 properties that were identified. Since then, there has been a bit of an evolution in the list of those properties, but it is the ministry that is developing the policy framework to help facilitate the work that the ORC has.

Ms. Martel: I understand that.

Ms. Gray: I think I can also add that once the policy framework has been established, then these properties do

find their way on the ORC sales plan, and it's the sales plan that the ORC must deliver on.

Ms. Martel: So you'll get them back, essentially, to deal with?

Ms. Gray: To deal with, yes, absolutely.

Ms. Martel: Okay. So I don't understand what the significance of those 11 was, but I'll leave that—

Ms. Gray: They're large, complex—

Ms. Martel: Big-money possibilities; is this why?

Ms. Gray: And tremendous lead times to take them to market, possibly, multi-stakeholder issues, those sorts of things.

Ms. Martel: All right. So now do you think that the policy changes have been put in place that will allow the ORC to do that work versus having to have the ministry do that work and then essentially transfer—maybe that's not the right word—give back the responsibility for future properties that might go on the market?

Ms. Gray: I think Dave and Greg can probably

answer the question as well.

Mr. Glass: I understand the question. The 11 properties were identified. They're strategic. They're not simply strips of land at the edge of a town or the edge of a road. These are significant properties. They were identified as surplus. They're identified as properties that need further investigation in terms of highest and best use, public use in the future, those kinds of things.

The ministry has worked on the policy issues. They also work on the obstacles to moving those properties forward towards either surplus or alternate public use with relationships at other ministries and at the municipal level

When the plan for the property has been determined, then the Ontario Realty Corp. moves forward on that plan through its multi-year sales plan. Once it has been established and approved, then we take over the development of the property, moving it through the zoning, working with other—whether it's broader public sector or municipal—people to determine best use, the residual, how to treat it, taking into account the needs of the local community etc.

Ms. Martel: So would it be fair to say that outside of those 11, when you have similar properties, similar potential, the same process is going to be used? The ministry is going to have the first crack at it and deal with the outstanding issues, whatever they may be, and the ORC will take it from there.

I guess what I'm getting at is the question of not having some specific expertise at the ORC that would allow you to do the same thing that the ministry is doing for you.

Ms. Gray: You know, it's really a matter of trying to arrive at an efficient process. The resources at ORC could be gobbled up on just these 11 properties. I think the work that the ministry has done in defining policy will pave the road so that for future large, complex properties we can follow the template that's being created. But rather than allocate all our resources on these 11 properties that do, as I mentioned, have long lead times

to take them to market, it was an efficient way to kind of divide and conquer all the issues and keep our eye on the ball on a host of other properties that we can bring to market much faster.

Ms. Layton: So part of that template, for example, would be heritage protection protocols, the environmental assessment, the class EA process, the process to sell surplus properties to the broader public sector, because we've never had a consistent approach, as well. As Carol says, it's not as though it's going to mean that we're sitting on top of the agency for every one of the dispositions by any stretch of the imagination, but it is about the higher-level policy clearance, in a sense, and process cleanup that we can do at our end to then allow the agency to do its thing.

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Ms. Martel: Let me deal, then, with the next page, 221. The auditor said, "An internal audit report completed in August 2004 identified the need for stronger controls over the use of appraisers, and over selection practices for brokers and environmental consultants." He noted two problems that still remained in that regard, so can you give the committee a sense of what has been done to deal with that?

Mr. Glass: On the specific question that you've asked, I'm going to call on Gary Waddington. He's vice-president of sales and acquisitions for ORC. He's at the back of the room.

Mr. Gary Waddington: Sorry, could I ask you to repeat the question?

Ms. Martel: There was a need identified for stronger controls over the use of appraisers and selection practices for those categories. The internal audit showed that there have been some improvements, but some concerns still remain regarding where controls need to be strengthened, and I'm trying to get a response as to what follow-up has gone on with respect to those concerns.

Mr. Waddington: What we did initially with the internal audit report is we amended our sales guidelines and procedures to require two appraisals for higher-value properties, and we established at that point that for any properties that were valued at \$500,000 or more, we would get two independent appraisals. Since that time, we've also reviewed that guideline and procedure to clarify it further to also stipulate that for direct transfers to municipalities at market value, we will—because we're not putting it on the open market, we felt it was appropriate to have a lower threshold for those properties. We've established a threshold of \$100,000 or more in market value, at which point we will get two appraisals for anything \$100,000 and up.

So that's how we've dealt with the recommendations of the auditor. That recent change was made after the Auditor General's report.

Ms. Martel: I don't understand the "selection practices for brokers and environmental consultants." Is that something the ORC does? Is there a list that the government has that you have to use?

Mr. Waddington: We follow procurement practices that are consistent with government policies and procedures. Within that, we've established vendors of record. We invite consultants, through MERX, to make proposals to provide services to ORC, and then from that list we select consultants to provide us either brokerage services or environmental services.

Ms. Martel: Can I ask what the concern was that was identified, then, and what changes have been made? Were you not using MERX before? Was that part of the problem?

Mr. Waddington: I think the vendor of record process was introduced about four or five years ago. We were still getting used to how to make best use of that process. I think what was identified at the time were some deficiencies in our understanding of how best to use that process. Through using the process, we've become more proficient in selecting vendors appropriately from the vendors of record and making sure that we rotate through the list and give all vendors a fair chance at getting the work.

So I think it was really a continuous improvement, a learning process, that the auditor and the audit had identified, that we needed to get better at using those tools

Ms. Martel: Can I keep going?

The Chair: Yes. You have another five or six minutes.

Ms. Martel: I'm not sure if you need to stay or not, so hang on for just a second.

I want to go back to municipalities, because there were some questions that I asked the auditor early on that I still would like some clarification on. I'm going to end up flipping ahead, and I'm sorry about this, but it does come in the context of municipalities.

The auditor, on page 223—that might not be the one. Let me try to do this without finding the page in particular. The auditor raised concerns about a previous very high profile case where land was flipped. It's probably still in the court so we won't deal with that. But what I found interesting was that the auditor made a recommendation that the ORC should look at some kind of mechanism to safeguard, deal with, that potential. I noticed that in your response you did say that for municipalities there are clauses in place. I'd be interested to know what those are and why they can't be applied to a private sector transaction to stop that kind of thing.

Mr. Waddington: When we do something that we call a direct sale or a directed sale to a specific purchaser, which is usually a municipality, we incorporate certain provisions to protect against the purchaser flipping that property for a profit. We have two mechanisms that we typically use. There is something called a profit participation clause or an anti-flip provision that basically says that within a certain period of time—usually between five to 20 years, depending on the property and circumstance—if the purchaser of that property resells the property, the government has the option of either repurchasing the property or recouping any profit, any

increase in what the government sold it for. That's one mechanism, one tool that we use.

The other tool is, in certain cases where property is conveyed for a specific purpose and use, we will look at putting a restrictive covenant on title to prevent any future change of use of that property without coming back to ORC for approval.

Ms. Martel: So if you can apply that in the case of municipalities—I can see a specific use; they're going to use it for a community centre, but you could have the potential of their using it for something else altogether that hasn't been designated—why can that same principle not be applied in other major sales of government assets, be it land or buildings?

Mr. Waddington: Again, if we were doing a directed sale to a private entity, we would look at those same mechanisms, but we've also looked at the impact. If we're putting a property on the open market, the reason we don't typically use those provisions—and there are always exceptions that we might consider—is because that's not the way the market typically operates. When any other vendor puts a property on the open market and invites bids from multiple parties, they typically don't put those types of restrictions on it because they will tend to reduce the amount that you could expect in terms of a sale price. Because we're trying to maximize the return for the public, we typically don't put those kinds of restrictions, because they will tend to depress the price that we would receive in the market.

Ms. Martel: One other question, then: Are you saying that when you deal with a directed sale—for example, to a municipality—you're not selling that at market value?

Mr. Waddington: No, we would sell it at market value. But market value in that circumstance is based on an opinion, an appraisal, because we get two appraisals, and appraisals are an estimate of value, the difference being, if we were going to sell it to a purchaser at an agreed market value based on an appraisal, we'll not have been able to expose it to the marketplace, because the marketplace is the ultimate determinant as to what it's worth. Because we haven't exposed it to the marketplace and it's based on appraisal, that's why we have those protections: anti-flip and change of use.

Ms. Martel: Appreciating what you have to say, what do you do, then, to respond to what the auditor has identified? You said you might be able to apply the same types of conditions in a property that may have more value or more potential for flipping. I don't know if that circumstance has arisen since the 2000 problem, but I'd just be interested in a fuller explanation because I didn't think that the response you gave to the auditor really met, from my perspective, the concern that was identified.

Mr. Glass: The question that you asked about the municipality—there is a potential conflict. If the original intent—for example, when we do a direct sale to a municipality—is that it is for a public purpose, then we will typically sell it to them at market, an appraised value, as is, with whatever its current zoning is. A muni-

cipality would then, for example, zone it institutional, which is what the intent was of both parties. A municipality could also at that point zone it industrial or residential, in which case, in the blink of an eye, it has a very different value. That's one of the reasons for the different treatment. On the private sector or the open market sales, it's not typical in the industry that you would put those restrictive covenants out in your RFP. The typical response would be to lower the price.

What we've done is put a tracking system in place to watch activity in terms of ownership related to those properties in the following 12 months. That's kind of a reactive measure, but at minimum we will learn something to guide our behaviour in the future; from a proactive perspective, the things that Gary was talking about related to our sales and acquisition policies in terms of getting two appraisals, making sure that the appraisals are current—versus 12 months old, the minimum is six months old—because the market changes.

We're also moving in a direction of developing these properties, which could include working with a municipality to change the zoning so that when we take it to market we get the higher price as a result of the zoning change.

There's one other thing that was coming to mind and I can't remember what it was.

Ms. Gray: I think it's also applying that risk return model and deciding, do you take advantage of market conditions today, having a pretty good idea what your return would be, or do you take the risk of going through rezoning changes that may give you a higher return tomorrow but your market conditions could change tomorrow? So it is an evaluation process.

Ms. Layton: It's also about knowing, therefore, all the different properties that we have and the environmental context in which we are, the market conditions and being strategic about when we dispose of them and when we don't. So just don't sell for the sake of selling; think about achieving ultimate higher value by just waiting or, as David and Carol said, taking it further through the zoning process at our end to achieve the higher value.

Ms. Martel: It's more the private sales that I'm trying to get at. I hear what you're saying and I appreciate all that.

Mr. Glass: I remembered what I was trying to remember. We need to be smarter, because we're dealing with people who are smart, and that's the result of this particular bullet. We've built up capability and capacity in our development group so that this kind of thing won't happen again, because we've become more astute, because we have capacity to deal with that. If you look at this particular example, we relied on a consultant's report that suggested that the property had a lesser value due to a particular liability. That information was in fact incorrect. The other side of the transaction recognized that.

Ms. Martel: I get it.

Mr. Glass: We don't want that to happen again.

Ms. Martel: Thank you.

The Chair: I'm going to the Liberal caucus now, Mr. Lalonde and then to Mrs. Sandals.

Mr. Jean-Marc Lalonde (Glengarry-Prescott-Russell): I have a few questions. First of all, thank you very much for coming down to tell us or debate the issue that we read in the auditor's report. You said that the ORC has 50 years' experience and also that the new CEO has been there since September 2006, I believe. When you said September, I believe you referred to 2006. You also said that you were impressed with the corporation. Did you get a chance to read the auditor's report to find out where the weakness of this operation of the ORC was? As you've witnessed, you could answer all of those questions right after.

When we decide to dispose of property, you said, or somebody said, that you go to two appraisers. Are they always the same appraisers? Because we've known in the past that appraisers sometimes appraise it higher so either they can get the higher loan from the financial institution or that others are going to get it lower to accommodate the purchaser. What I've seen in the past, though, is that we tend to depend on the MPAC report. In the report, it refers to this property that was sold for \$1.6 million over the price that it was purchased from the ORC within a period of seven months. The government assessment board in the past was operating a little differently from the one today. The one today, MPAC, would refer to the sales done within the area, the sale price of those properties within a certain area. We know that when the properties are sold by the private sector, the real estate to get additional funding pretty quickly, they would assess the buildings way lower than the real market value.

So my question is, how do we decide the real market value of that property? Is it decided according to today's MPAC report or assessment, or is it according to the knowledge of your people within the ORC?

Mr. Glass: Let's start, I guess, with the 50 years. I'm not—

Ms. Gray: Yes, a point of clarification: That was, I think, a quote that you took from me. What I was describing is that the cumulative experience at the board is over 50 years of experience in real estate. So that's at the board level. I just wanted to clarify that.

Ms. Layton: The Ontario Realty Corp. was actually established under the Capital Investment Plan Act in 1993, and it evolved from something called the Ontario Land Corp. So it was about experience.

Mr. Glass: I think the second question had to do with a comment that I made about being impressed with the Ontario Realty Corp. The question was, had I read the auditor's report? I mentioned that I had read the auditor's report in September. Through the last six or seven months, what I have been learning, including having read the auditor's report, is that yes, I'm impressed with the Ontario Realty Corp.

Mr. Lalonde: With 100% of the operation?

Mr. Glass: Any organization has room for improvement.

Mr. Lalonde: Thank you.

My last one, I guess—and my colleague Ms. Martel asked a good part of the question: When a property is sold by a school board, we have no jurisdiction over that?

Mr. Glass: That's correct.

Mr. Lalonde: I wish we had, because a school board at the present time has sold a property for \$1—we know where it is—to a developer. I would agree if that property had been sold to the public sector, like a municipality or a school board or a hostel, for example—

Mr. Richard Patten (Ottawa Centre): A volunteer

organization.

Mr. Lalonde: —a volunteer organization recognized by the municipality. In this case, when I see this sold at \$1, I fully do not support this.

Mr. Patten: To whom?

Mr. Lalonde: To a developer.

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Mr. Glass: I'm not familiar with the example. I would understand the concern. I think that is one of the values that we have working on with the Ministry of Public Infrastructure Renewal, the policies and the thinking behind the broader public sector. The entire assets of the province are now being looked at, including the broader public sector. We've had discussions with the Ministry of Education, as an example, about exactly your point, and being able to assist the school boards, through the Ministry of Education, in maximizing the value of those assets in terms of disposition, if that is one of the alternatives.

Mr. Lalonde: Just to go back to the government's property, ORC property, like this property that was sold for \$1.6 million more within a period of seven months: I don't mind if it is to include added value. If you change the zoning and happen to build a building on it, we recognize that there is added value. But on a property like this one, I'm not impressed at all. Someone must have been asleep when this was sold.

Mr. Glass: I wouldn't disagree with you. I'm glad it didn't happen under my watch.

Mr. Lalonde: Thank you. Those are the questions I had. Mr. Chair.

The Chair: I don't know whether you're referring to that high school in Smiths Falls.

Mr. Lalonde: Smiths Falls, yes.

The Chair: Basically, the problem there was that it was going to cost the board more to rip it down than the value of the property. I suppose that was so they—

Mr. Lalonde: I didn't name the place.

The Chair: There's no reason not to, because there was logic behind their decision as well, because of the environmental cleanup etc.

Mrs. Sandals, your question?

Mrs. Liz Sandals (Guelph-Wellington): Okay, thank you. Actually, this is all a very good lead up to where I was going to ask some questions around the sale of public sector land. Let me start off by saying that I'm not debating the notion that if you're going to sell public land to the private sector, then you need to do the highest

and best use so to maximize the value. But given my past experience selling schools that have been closed, when you go to sell public property, the community has very strong opinions about how that property should be used. My experience would be that the most successful sales when we were selling closed schools tended to be sales that involved quasi-public sector use, so a community social service agency hub, a church conversion to an oldage home, those sorts of things.

So in a lot of cases, in fact you're not doing a highest and best use sale, if you get right down to it, because highest and best use would probably be high-density residential. What you are doing is best community use. Maybe I'm sort of challenging the assumption of the Auditor General here that it's always highest and best use.

I happen to be the owner of one of the 11 properties which is fraught with all sorts of problems, in which the municipality would have significant opinions about not using the land for highest and best use, in which the public would have very strong opinions about the land use, and in which some of the local stakeholders would have very strong opinions.

What I'm getting around to is, when we're doing significant public sector land sales, is the assumption that you are always going to do highest and best use the right assumption? Or if you're selling significant community properties, should we be looking more at best community use? The voter, the taxpayer, looks at this as a property which already belongs to them and how it's going to be used in their best interest. They look at this as their property—not the ORC's property but their property. So I wonder if you could talk about that notion that in fact you're not always having a conversation about highest and best use from a real estate point of view, you're having a conversation about best use from a community point of view, and those are quite different conversations.

Ms. Layton: Back in November 2005, when the government did ask that there be a policy rethink about the surplus properties and the disposition, the first principle was to make sure we were representing the public interest. It's not just about the bottom-line dollar to the fiscal plan. So in the case of the Guelph example, we appreciate that we had to stop in our tracks, regroup, and make sure that as that initiative got under way, and there was a lot of anxiety in the community, we really had to think about it and start over and engage with the various parts of the local community and, first and foremost, appreciate that this is an asset for the city, to be used, and to be used most properly. So I think we're happy with where we are at that stage now versus where we were about two or three months ago. We learned some lessons on that.

Mrs. Sandals: Yes, and I suspect there will be a whole lot of lessons learned, by the time we're through this process, that will be useful in approaching some of those other major blocks of public sector land.

I guess going back to the conversation you were having with Ms. Martel around the relationship, the PIR

role in these major sales, I would like to reinforce that my observation—because, again, I'm dealing with one of these properties on an ongoing basis—is that the ORC role is the one that we defined for ORC, which is the real estate role, and the PIR role has been that larger stakeholder intervention/public consultation role. In rethinking, as you've said, how this process has to unfold, I've actually been quite impressed with the way in which PIR and ORC are sorting out their roles in terms of ORC as the real estate manager and PIR as the consultation manager, if I can put it that way, so that when we come together with those two roles, in the end we are developing a process and will have an outcome that is in the public interest, which isn't necessarily in the best interests of ORC's bottom line but which I think will be in the broader public interest.

So while it may sound on paper like this is a very odd sort of relationship, to have the ministry involved in the sale, it's because it isn't strictly a sale. It's actually because it's a public consultation, and that's why the ministry comes into play, because it isn't all about real estate. It's about something that's much bigger than real estate.

Ms. Layton: And that partnership is critical, but that partnership isn't needed on each and every—

Mrs. Sandals: Exactly.

Ms. Layton: The ORC's real estate portfolios are huge, and there's also the other function it does in terms of, for example, consolidation of leases. One of the proudest initiatives that I have—I played a very small role, but it's one that the ORC takes all the credit for, or in my mind should take all the credit for—is the recent consolidation of 11 ministries in Ottawa into one building and the huge space savings of that sort of thing. That's where the ORC saw leases coming up for renewal, saw ministries distributed all over the city, and were able to identify a building that we could move into, and we now have an Ontario government presence in Ottawa in one entire building, or soon will. I think it was the ORC calling the shots on that one, and doing it within the mandate that they have of making those operational decisions.

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Mrs. Sandals: Anyway, just to make the observation—and actually, I see that consolidation in Guelph at the OMAF building at 1 Stone Road. Other people have been brought in to populate the empty space there, which is much better than renting additional sites. At any rate, I just want to make the observation that when we look at this from a public accounts point of view, we tend to be looking at maximizing fiscal impact. But when you get into some of these property issues, there are other community impacts that have to be considered as well as the fiscal impact, and the community I come from has made it very, very clear that there's a community impact here and you have to pay attention to not just the fiscal impact.

Ms. Gray: Another good example of that is the Leslie Frost centre. I don't know if you're familiar—

Mrs. Sandals: Yes.

Ms. Gray: Ultimately, the decision was made to continue the use of that property and land for the interests of the local people in an environmental management education forum. But the role the ORC played in that was to find the best operator that could fulfill on that mandate once it was determined that that was really the best use of that property.

Mrs. Sandals: Yes, and I think ORC in this particular case—once PIR has done the consultation piece, then ORC will become the implementer of the outcome.

Thank you.

The Chair: In that the time is just about up for the Liberal turnaround, we'll come back there. Mr. Hardeman, do you have a few questions, then?

Mr. Hardeman: Yes. Okay. I just want to go back very quickly to the MOUs. They're public documents?

Ms. Gray: They're not published on our website, although we could make them available to you.

Mr. Hardeman: I guess my question really refers to how there has always been one. Is that my understanding, that there has always been an MOU between the ministry and Ontario Realty Corp., even before it transferred to the infrastructure ministry?

Ms. Gray: I can't speak to that because I wasn't around then.

Ms. Layton: The directive that developed, in a sense—the accountability framework—was back in 2000, which identified MOUs as a key instrument to define the roles and relationships. There should always be an MOU, to be perfectly fair. They can take time to get resolved and signed, and there's an approval process that they go through. But when you think about it, with the fairly recent chair and very recent CEO, an MOU that has made its way through the decision-making process pretty lickety-split just shows you the huge support, cooperation and responsibility that this agency has paid attention to in working with the ministry on the development of this.

They take time, but MOUs aren't stale documents, either. When a new chair comes in or a new minister comes in, they should be looked at. As government policy changes, MOUs have to be refreshed. They are in a constant state of flux.

Mr. Hardeman: Were there any changes made with the present agreement caused by the auditor's report? Did the process that had been put in place to correct some of the deficiencies require changing of the MOU?

Ms. Gray: No. The MOU is still at a high level. I think it's once you get down to some of the specific operations, procedures and so on; that's where changes were made. But there was nothing in the auditor's report that would cause us to rethink or change the sets of responsibilities as defined in the MOU.

Mr. Hardeman: With that, I want to go to the question Ms. Martel talked about earlier, about the sale of the properties that went back to the ministry because they were a large project and too complicated. It would seem to me, if anything, that should be the opposite direction.

We have the Ontario Realty Corp., professionals in managing, buying and selling properties. When you have a technical one with a lot of complexities to it, you would think you would want that professional organization doing it, as opposed to sending it back to the ministry. They don't have any reason to do that; the professionals are all at the Ontario Realty Corp. I can't understand why the ministry would be involved there.

Mr. Greg Dadd: If I can just clarify the process, perhaps going back to how the properties were identified, I think the first point to make is that the properties aren't transferred per se. All the properties are owned by PIR, so we're acting as an agent on their behalf. There's no transfer of title or that sort of thing.

The identification of the 11 properties started at ORC. In other words, we started looking at the opportunities, in terms of properties that represented some greater value, perhaps, or properties that were surplus in the inventory that we felt offered some opportunities for something different than a straight disposition: put up the for-sale sign, get rid of the property-very easy. These were a little bit different in that they, in some cases, were in-use properties whose programs would be changing at some point in the future and therefore represented an opportunity that would be coming up. They were surplus properties that had implications for the local municipality, like Mrs. Sandals was talking about, for example. They were properties that, albeit they represented revenue, really had a couple of components to them. One was multiple stakeholders. There could have been policy implications around the surplussing by the ministry. There could have been greater government good; again, I refer back to the property that Mrs. Sandals was talking about.

It was really going back to the ministry and saying that these are opportunities, but there are a number of things that need to be done before we can actually dispose of these properties. These are not "put up the for-sale sign and get rid of the property," so you need to help us because either an existing policy precludes us from moving toward this best revenue or best return for the government, it precludes us from entering into some of these conversations, or it makes it a little more difficult around the kind of conversations, or tell us who the conversations should be with, in terms of the stakeholders. What does the government want to do, aside from a straight real estate play? Carol Gray mentioned the Frost centre as an example. That wasn't a straight real estate play at all, so we needed to get input from the ministry. That was really how the identification of the properties was then. It was more like, "Here's the portfolio of these. Help us work out all of these issues around the properties."

Maybe that clarification will help a little bit.

Ms. Gray: I also want to point out that at no point does ORC absolve itself of its role of providing strategic real estate advice. That is a continuous requirement of ORC from the get-go right through to whatever finally is decided on these properties.

Mr. Hardeman: I'm still a little concerned that the Ontario Realty Corp. would not just ask the government for their position on those issues that were of concern to the realty corporation, get that information and then deal with the property beyond that, rather than turn the function over to the ministry to work, and ask for your advice, I suppose, giving their requirements and then going on with it.

Ms. Gray: Maybe we've not characterized it properly. I would not characterize it as turning the properties over to the ministry.

Mr. Hardeman: It relates to the same issue. The auditor's report mentions the 330 properties that were given to the Ontario Realty Corp., shall we say, to deal with; of those, only 140 were dealt with. We relate to the 11 that were given to the ministry because the ministry had to make policy decisions whether they should or shouldn't be dealt with. Why, with your limited resources, were you looking to add to that list when you had 220 that had not yet been dealt with? Why didn't we deal with those and get on with whatever action needs to be taken for those that are sitting there? Government has decided they want to deal with them, but Ontario Realty Corp. just hasn't been able to make it happen.

Mr. Dadd: I think we've come a long way since the basket of 330 properties was put together. At the time, we created what was called—in terms of the property disposition process, just to clarify in case there are those in attendance who may not know, you have to have an order in council in order for us to dispose of the property at the end of the day. That gives us the ability to then go and sell it. We created a basket of these 330 properties that was really a grab bag of a whole bunch of different things. I have to tell you, at the time—again, this is going back in the past—there wasn't as much thought put into what was included in that basket of properties and the strategic approach that Carol talked about earlier around the portfolio. We're moving in a different direction now, and it's how we came up with this even much smaller subset.

In those properties there were some that were still in use. For example, unless the intent is to stop the government program that's being delivered in that particular property and move it somewhere else, you really can't dispose of it. There were properties that, after they were suggested to be sold, once we were going through our due diligence process around the things we have to do, for example, around our class environmental assessment, we realized that there was environmental liability around the property. When we did the business case to assess how we were going to dispose of this, the costs of remediating the property to allow us to sell it far exceeded the revenues that were available.

Again, looking at it from a business perspective, we would rather put that investment into properties that would give a reasonable rate of return, or a rate of return at all, to the government. It was this mixed group of properties that was really the cause of why we started

with the 330 and sold about half of them. There were also some properties that, at the end of the day, when you put them on the market, nobody was really interested in. It was a whole bunch of different things we ended up with, which is why a couple of years ago we said, "Let's take a time out on this. Let's go back and reassess the portfolio from a whole bunch of different perspectives, including what properties can we reasonably sell," understanding that you're not always going to sell 100% of your properties. You're going to start with a larger group and start winnowing down and spending money on assessing environmental issues, assessing the saleability, assessing where it stands in the current market environment: Do you want to sell it now or do you want to wait because there's some other event occurring that could raise the value of that property and, therefore, if we wait a little while we could sell it later for a much better rate of return?

We're being far more selective about what we put into our multi-year sales plan, as I said, assessing from different perspectives. Out of that assessment were the 11 properties that Ms. Martel referred to earlier, as well as the other properties that are in our multi-year sales plan. So we've become far, far better in the use of our resources, and that's both the people looking at this and the costs being spent to prepare properties for market, than when we started with this 330.

Ms. Layton: So within the vast inventory, in a sense, through all the factors that Greg has talked about, we've identified the priority properties to really put some focus on

Mr. Hardeman: Just a final one. You mentioned getting some return, that the cost of remedial action is greater than the—do you make decisions based on—as we would with our local service station—that it's got to be cleaned up? Even though the present owner of the property is going to be out money, he's not going to be out as much as if they do nothing. He still owns the liability. Do we ever clean them up and sell them at a loss?

Mr. Dadd: Sometimes we do. We assess how easy it is for us to stabilize the property to ensure that any contamination that's on the property isn't going to spread anywhere. Even if we sell the property we still hold the liability, so we have to do a cleanup at the end of the day. Part of it is assessing if the cost is so excessive that it really doesn't make a lot of sense from a business perspective. When you're trying to assess priorities of where you apply the limited amount of dollars and resources that you have, that's where it comes down to that decision, if it's a huge amount or if it's a small amount, and then do the remediation, or in the case where it doesn't make sense to dispose of it, then we do stabilization to ensure that any contamination that's on that kind of property stays on that property and goes nowhere else.

Mr. Hardeman: Thank you. I think Mr. Sterling wants to ask a—

Mr. Norman W. Sterling (Lanark-Carleton): Yes, I'm interested in this discussion particularly because of

the government's intention to close Rideau Regional Centre in 2009. There's a 350-acre parcel of land there with extensive buildings on it—a huge site. Last summer, I believe, I met with the minister of infrastructure, Mr. Caplan, and with the mayor of Smiths Falls. My concern as we go forward, from the discussions I've heard this morning, is that ORC only has a certain number of the cards to deal with this situation going forward. If there's half a million square feet of space at RRC, I don't know whether, bottom line, it's a liability overall or a positive in terms of where they're going. But essentially, this community of 9,200, as many people know, has suffered very much in terms of loss of jobs. In a community of 9,200, Rideau Regional Centre represents 800 jobs. Hershey is going to close their plant there. We're hoping to reverse that, but if plans go according to what they have said, that's another 500 jobs in a town of 9,200. As the mayor points out, that would be the equivalent of losing something like 100,000 jobs in Ottawa, just an enormous impact on the economy. What the community and the mayor are trying to do is look for opportunity to use RRC land, which, coincidentally, isn't actually in Smiths Falls but in the adjacent township, but uses Smiths Falls services. But what the mayor and the adjoining mayor are trying to do is to get as much economic opportunity out of that site as possible when it closes in 2009 if the government, again, doesn't change their plans with regard to that facility.

Now, what I'm seeking here is a structure for that to occur. ORC now has been given responsibility for this piece of land. We were informed of that last summer. As far as I know, there has been no assessment of the buildings, of what state of repair the buildings are in. I have not been informed about that. I don't believe the mayor has been informed about that. There's no structure for decision-making as we go forward. If the community is lucky enough, or another level of government or a private interest comes forward, how do we get decisions made in a fairly short period of time if an opportunity should appear on the horizon? There's no structure for this to occur as we go forward. If I go to ORC, I may get bounced over to a minister, or the town may get—I'm talking for the town now. We may get bounced over to a minister, etc.

From my point of view, there should be some kind of formal agreement between various partners as to what happens if an opportunity comes forward, what are the opportunities being offered to the town or the community to try to make the best of a very bad situation. So I'm looking for a response as to how my town can go forward.

Mr. Glass: We have the Rideau centre on our books to deal with. Quite frankly, it's a liability rather than an asset. If you looked at the 500,000 feet of buildings that are on there and looked at it purely from a demolition point of view, we're looking at costs that are at least twice, if not more, the cost of the land if it was turned back to farming, as an example.

We're more than willing to work with you, to work with the municipalities to discuss how best to use that

asset to support the community, so call me or have the people in Smiths Falls call me. We're currently conducting some environmental reviews on the site. We understand the circumstance in Smiths Falls. This is the approach, quite frankly, that we will be taking with any municipality. I think we've learned something in Guelph, and I think we're going to move that forward. There are a number of other municipalities that we will be working with and are working with in a similar manner.

Mr. Sterling: We need an assessment of what the property is about; in other words, what are the good structures, what are the bad structures? The government invested and committed itself in 1994 to about \$10 million of renovations etc. They put in a brand new heating system and a brand new laundry. There are some uses for some of those assets.

The community needs—they don't have money where they can undertake the kind of studies necessary for them to present to somebody who might have a use for this particular land or facility. They don't have the money to go forth and say, "This building is good"—I mean, the nurses' residence has been vacant now, as I understand it, for 10 or 15 years. It probably should be ripped down now.

How can these decisions be made to go forward? In 2009, two years away, I just don't want, as the last resident leaves, that the lock goes on the door and the place falls down. We've got to look for something more than that.

Mr. Glass: I would agree, and we're more than prepared—

Mr. Sterling: So I will call you and I will attempt to enter into an agreement. I will also ask you to try to perform some kind of assessment as to the state of repair of this place and what the exit plans are for the government with regard to what they're doing there. Are they going to be out on January 1, 2009? Are they going to be out on October 31? Can it be partially occupied by other people or not?

As you know, the OPP have their regional headquarters there, and they are interested in it as well. We don't want to lose them as tenants for this particular property. We've got to start making decisions and get this thing at a higher plateau than it is presently in terms of what's happening. The mayor has to be able to really control or to be very heavily involved in this. His community is under great duress at this time.

The Acting Chair (Mr. Richard Patten): So there's no truth to the rumour that you're running for mayor?

Thank you, Mr. Sterling. Ms. Martel.

Ms. Martel: I'll just return to some of the questions that I had. On page 223 of the report, the auditor, in talking about how ORC can deal with an assessment of existing space and needs, pointed out that right now there are no mandatory requirements for clients to report their space usage to the corporation. I think someone said that you're getting some information now from government services that may not have been coming before, but what

do you get from individual ministries, and in how timely a fashion, about what their needs are so you can make some better assessments about the space that you'll need?

Mr. Dadd: There have been a number of things that we've done in the organization to try to move ahead of the curve in looking at space needs and trying to assess them much better ahead of time. One of those initiatives in terms of an organizational structure is establishing what are called account teams. The account teams have a portfolio of ministries for which they are responsible for understanding the business requirements. It's not just the business requirements as they stand today but understanding the business requirements going forward, because real estate is a long-term play. It's not something you make a decision about now; it's "Where are we going and what kind of spaces do we need?"

Part of that relationship development that happens between the account team and the ministry is to look at how ministries are now accommodated. For example, one of the things that we've been working very closely with all ministries on is the accommodation savings: How can they look at the amount of space they're in now and reduce it? One tries to do this from a perspective of the business case involved, so the cost versus the return. So there might be-for example, they're in an existing space. In order to get them out, you need to buy out the lease and looking at that versus the savings that you might get from being a little more efficient and the use just doesn't justify it. However, we've taken advantage of a series of opportunities, where leases are coming up. to either move ministries into government-owned space or to look at consolidation opportunities. Carol Layton referred to one earlier where we did this in Ottawa in order to achieve not only operational consolidation, but also space savings coming out of that.

Ms. Martel: On that, though, it sounds like it was the ORC taking a look at the leases and the potential.

Mr. Dadd: That's correct.

Ms. Martel: You still would have to confirm ministry numbers around how much of that is required. Is there or is there not any kind of mandatory requirement for your clients to let you know how many staff are involved, and if that's shrinking, what are the opportunities to look at consolidation as you did in Ottawa?

Mr. Dadd: In terms of a policy directive, off the top of my head I can't recall. I will say that we've gotten full co-operation from all ministries in getting this information, so it's not adversarial.

Ms. Martel: No, and I'm not suggesting that it is. I was curious as to why there wouldn't be any kind of mandatory requirement for them to report that to you on an annual basis, every six months—I don't care what the timeline is—instead of, as it sounds, your account teams having to go out and actively seek that information from the ministries they're responsible for.

Mr. Dadd: Part of it is that we're still developing and moving ahead on our information systems that we have available, so that database, for example—it's not just how many people exist in a particular program, but it's

where they are. So we know where people are. Ministries know how many people they have. It's a matter now of putting those two pieces of information together on a base that you can say, "In this amount of space, you have this amount of people." That's where we're still working on the information, how we're pulling it together. So it's more from the lack of the integration of those two elements.

Again, ministries aren't withholding the information, so I'm not sure whether we would gain anything more from a mandatory requirement that they give us those numbers. We're getting them now on a voluntary basis. As I said, it's just a matter of trying to match up space with the amount of people that are in the space.

The point the auditor was making was, how does that then give you some opportunities? In some cases you really don't have an opportunity because either they're using the space effectively or the timing is not right. It would cost you more to move people out of a space and rationalize them in somewhere else than it would cost to leave them in there for now, while we look at the bigger picture. The difference in how we're operating as an organization, how we're working with ministries, is trying to move up the scale of how we make decisions so it's on a more strategic and portfolio basis rather than on an individual, site-by-site, building-by-building, floor-by-floor perspective that maybe we've used in the past just because it was easier at the time.

Ms. Martel: I appreciate that you said a broader view, so this will sound funny because I'm actually looking at a more specific situation on page 224, where the auditor identified accommodation around Queen's Park. The auditor said that the corporation has been trying "to conduct a space-utilization assessment for these buildings," but that's been put on hold because you're trying to get "reliable data from existing tenants." Are your existing tenants government ministries, and why would you have to put this on hold if you can't get reliable information, if we're actually talking about government ministries?

Mr. Dadd: It talks about "more complete and reliable" information. We have information. What we're doing is testing the reliability of that information. For example, it's a matching of space and where people are. There is not a really good database that gives you floor maps. So we're working with ministries on walking through space, even verifying by doing head counts and that sort of thing, so we can actually have a really good understanding of who is sitting in the space and how much people are occupying the amount of space that's available in Queen's Park.

Ms. Martel: All right. So is it fair to assume that this effort is not on hold anymore and that there are discussions/negotiations going on with the tenants in these spaces to get that information and to piece together what the needs are?

Mr. Dadd: Yes, I think that's fair to say.

Ms. Martel: Let me go over to page 229. You've talked about data and reliability, so this leads me to some

questions about your RealSuite computer system. I think, Mr. Glass, you said that you are dedicating or adding some resources in the data management department? Is this an effort to deal with the concerns that the auditor identified with this particular computer system?

Mr. Glass: Yes. They called it data integrity, data quality.

Ms. Martel: Can you tell me the nature of the resources and what they're doing? I don't pretend to understand all the problems, but there certainly looks like there were more than a few and that they were significant.

Mr. Glass: I think when the systems were first implemented there was a strong focus on entering accurate data, and then an assumption might have been made that that was good. So continued focus on data quality wasn't there. We have put in place resources to renew the focus on data quality and embed best practices through the operating units so that the data gets to a point of highest integrity and remains there.

Ms. Martel: So the issue is not the technology itself as much as it is a question of having the resources to do the inputting, to get the correct information? Would I be right in making that assumption?

Mr. Glass: That's correct.

Ms. Martel: How many staff have you added?

Mr. Glass: I believe the number is two. This is James Storozuk. James is our chief information officer.

Mr. James Storozuk: Good morning. Our data quality initiative has been formally resurrected, as Dave indicated, and we have a data quality coordinator who has been hired as of October 2006 to actually oversee the data quality improvement program. At the same time, the GIS system that Carol referred to is used as a data quality tool within our organization to help us map out our properties and link it to multiple data sets in order to improve quality. We have seven people within that group who are working towards mapping properties, verifying properties, right down to the ownership fabric.

Ms. Martel: But those are two different databases,

right?

Mr. Storozuk: There are multiple, actually. The GIS actually brings it all into one place, which is a great tool to actually verify data and data quality from different systems.

Ms. Martel: So is the GIS going to at some point essentially be the tool that's used and RealSuite will be eliminated?

Mr. Storozuk: No, the GIS tool will be used as a tool that overarches all different systems. So, for example, we can go into a property like Queen's Park. We can look at floor plates. We can look at orthoimagery of it. We can actually know who the tenants are, where they are and what they're paying for rent. That information is coming from other transactional systems. The system in the report called RealSuite actually manages all of our operations, so all of our facility management transactions go through that system. The GIS is a way to actually display that in a very human-friendly way.

Ms. Martel: So in terms of the problems that the auditor identified, which in general terms was that property that was listed as vacant wasn't and the reverse—

Mr. Storozuk: What we did was we actually centralized the data quality review process within the organization to a group of key individuals who oversee all transactions of adding or deleting space. This group is responsible for ensuring documentation, ensuring the address information is correct and so forth. The data quality coordinator is one of those individuals. We've actually centralized initially to get a control on it, to be able to do a root-cause analysis against some of the problems that we have. Eventually that will go back out to business units as we review their procedures to make sure that they do it correctly.

Ms. Martel: So you've got a new position with respect to data quality coordinator. Are there other staff actually doing the more hand—

Mr. Storozuk: Other staff and business units come into the group that oversee changes in data and corrections. Every organization will have data issues. No organization gets away with not having data errors. It's just the normal course. You can't do it 100% of the time, so we're trying to narrow it down and focus on some of the problems and changes to make those fixes. Since that group has gotten together, we've reviewed 126 records within RealSuite and made corrections to those. We've looked at 306 sold land records and marked them inactive in RealSuite, so we've corrected those. We've added over 500 photos to our system to make sure that people have visual representation. We've marked 158 buildings inactive within our GIS and retired them.

We've gone through the process, as the auditor identified, to actually figure out ways to improve the quality of our systems.

We have an awareness program for our employees so they can understand the importance of data quality in their roles. We've put together a governance structure that actually helps people understand what their responsibilities are and gives them accountability for them. We've also modified some of our systems to guide them through that process so that it actually helps them put quality data into the system.

We're doing a bunch of activities to improve our data and we will do this forever. It's a constant, never-ending, continuous improvement exercise that we'll go through.

Ms. Martel: Part of my concern in looking at it was, is it a question of the technology itself and the need to replace it or would it be more an issue of staffing to manage the technology?

Mr. Storozuk: Our technology is sound. Some of the technology has to be adapted, actually, to guide our staff through the process. That could be better. The issue is really about the processes we have. We can improve our internal processes all the time and review them all the time, and in part of that review process you will find places where people make the wrong decision. We have to guide them through that process. So we're reviewing our processes all the time.

Ms. Martel: You talked about this being centralized, and then I thought I heard you say something about going back to units. I'm not sure if that means it will be decentralized again as an operation.

Mr. Storozuk: Any goal in any organization in the 21st century is to have data managed and entered at the point of the transaction. Right now, we've brought it back to understand the problem. Eventually, we want to put that back in the hands of people because, really, the staff are accountable for their effort and their work. Right now, we want to be able to control and manage it a little better and then we'll push it back out again, and business units will be responsible for data one more time and will have more accountability.

Ms. Martel: All right. You've given us a list of the changes that have occurred in terms of the records and the photos etc. Do you have—"waiting list" is not what I'm looking for, but a list of ongoing issues like that that still have to be dealt with, or are you up to date, essentially, on the transactions?

Mr. Storozuk: We're up to date on what we know is in error. We're moving towards putting more tools in place to actually identify errors. We have a tool now that does comparisons among our systems to look for discrepancies. So now we're actually looking for the problems to try to fix them in advance.

Ms. Martel: I don't think I have any more questions, then, on that particular issue, so thank you very much.

I had a question around progress towards the inventory of assets, Mr. Glass. In your remarks you said you were making some progress there. I'd like to get a sense from you of where you are on that and how much more work would be required so that we have a more complete picture of what the government owns and manages.

Mr. Glass: We have made quite significant progress in the area. We put a project together that involved developing and building an IT solution for this, training and educating people on that system, data collection, search verification and, with the GIS, the mapping of all of the properties.

The status to date is that the system is developed and it's operational. We're using the GIS as the basis for data entry and to review its functionality. The training has been completed for all ministries. Some 9,300 properties have been added to the system, over and above the 4,500 properties that are owned by the Ministry of Public Infrastructure Renewal.

Our next steps are to move it towards some specific agencies, boards and commissions that also have real estate holdings. Then, following that, the broader public sector, but that's at the thinking stage versus the planned and scheduled stage.

Ms. Martel: I appreciate that information. Outside of those properties, if I understood the auditor's report correctly—and I should know this but I didn't—it appeared that MNR, MTO and GO have their own properties as well. I don't know the historical rationale for that. So who is keeping track of what those assets are, making sure there is a correct inventory etc.?

Mr. Glass: We're working with five ministries: transportation, natural resources, environment, municipal affairs and agriculture. They are ministries that own real estate assets. So far, they have entered 9,300 of their properties. That's where the 9,300 came from in addition to the 4,500 PIR-owned properties. There's still more work to be done in terms of data entry by some of those ministries, but it's progressing on schedule.

Ms. Martel: So the 9,300 essentially come from those five ministries that you've just identified because they're the owners.

Mr. Glass: That's correct.

Ms. Martel: So in terms of disposition, what's their connection to ORC? I ask this question because not so long ago we had an issue in one of our smaller communities of a company trying to get hold of a property that was surplussed by MNR. We ended up going back to ORC to have those dealings and issues and questions answered, not to MNR. When I read this I was thinking that that's not our experience, in essence; the experience still was with ORC. Is the difference just that these ministries own the land, but in terms of any kind of disposition it all goes back to ORC?

Mr. Dadd: Not necessarily. Maybe what I'll do is ask Gary Waddington to come back up again because he can explain in a little more detail, perhaps, and clarify for you.

Mr. Waddington: Sorry, to recap the question, it was, does ORC have a role in—

Ms. Martel: Well, I wondered if the only difference between the five ministries that Mr. Glass has just referenced and the other properties is that those ministries actually own those assets, but when it comes to disposition, declaration of surplus, those issues are still managed by ORC. Is that correct?

Mr. Waddington: Yes, that's correct. There's a process. As an example, there's an agreement that ORC has with MTO to review their surplus properties and then transfer those over to ORC for disposition.

Ms. Martel: And in the other cases, is that the same?

Mr. Waddington: In the case with the other ministries, it's less formal, but they have surplus properties that were used by them. With MNR, they have a lot of crown land that's not patented, as you probably know, but if it's a patented property that's surplus to their requirements it would come to ORC to deal with.

Ms. Martel: And the appraisals, if any, would be conducted by ORC?

Mr. Waddington: Once it came over to ORC to deal with, it would follow the exact same as the sales procedures: an appraisal and environmental review, all of those aspects.

Ms. Martel: I think that answers that question; thanks very much.

Can I just ask some questions about—

The Chair: Before you start, perhaps we'll wait for another round before you can get back to those.

Ms. Martel: Okay.

The Chair: I'm now going to go to the government side. Mrs. Mitchell, you want to ask questions, and you're entitled to ask questions as a substitute, but I do think it's important that people know that you are the parliamentary assistant to the minister responsible for this agency. The government has in the past not had the parliamentary assistant asking questions in this committee, but I think it's—

Mrs. Carol Mitchell (Huron-Bruce): It's my understanding that it's not the practice.

The Chair: The standing orders allow you to ask questions here; they don't allow you to ask questions in the House if you're a minister. There has been some comment before that they voluntarily don't do that. But you may go ahead.

Ms. Monique M. Smith (Nipissing): That's just not true. Mr. Chair, I asked questions when we had the Deputy Minister of Health here when we were talking about—what were we talking about?

The Chair: Yes.

Ms. Smith: There was no issue then and you didn't raise it then. I just don't understand why you've raised it now.

The Chair: There has been an issue before. I take issue with it and some other members take issue with it. But go ahead, Mrs. Mitchell.

Mrs. Mitchell: First of all, I would just like to reinforce I'm sitting in today, but I'm here as a substitute and I happen to be the parliamentary assistant. Other members have been allowed to ask a question and there was no exception taken at that time but there is at this time. I do want to put that in the record.

But I do have several questions. One of the things that I think needs to be more strongly reinforced is how you deal with the deferred maintenance on your buildings. You talked about heritage buildings and you talked about the inventory you have. But with such a large inventory, how do you ensure that the maintenance needed is there when it is needed to maximize the asset management?

Ms. Layton: I can start with that, if you want. Absolutely: The need to deal with deferred maintenance is a priority on every front on everything, whether it's hospitals, transportation, and certainly the government's owned property.

There are interesting statistics that I know the Auditor General has in his report that show the average age of buildings and facilities. The government, through the ReNew Ontario five-year plan, has been able to increase the resources that are available to the agency. We've gone from a \$74-million level up to \$160 million this coming year to help address the deferred maintenance issue.

The other point I'd make that is worth noting is that because we have public works initiatives like courthouses and other government facilities also being financed and constructed through the alternative finance and procurement route, we have another agency assisting with much-needed redevelopment of important public works projects. The Durham consolidated courthouse is a great example of that.

Deferred maintenance is certainly recognized as something we have to address. It's a multi-year initiative, and it's one we have to tackle within the confines of the fiscal plan process as well, but it is one where we have been able to achieve higher transfers to the agency to be able to address that.

The other aspect of it is the charging for accommodation part, which is a more sensitive issue—that is, how much do we put the cost onto ministries? Is it a robbing-Peter-to-pay-Paul type of initiative? That is something where the CAO is again, and it's recognized in the Auditor General's report. There are concerns about the extent to which we move forward with higher charges to reflect, in a sense, their use of property.

Ms. Gray: Just one final point: Limited resources are probably a fact of life, but it's how you spend those resources, identifying the priorities and strategically making the decisions around where to put the money; that's one thing. Secondly, it's having the quality programs in place to ensure that the projects, once they are actually embarked on, are delivered on time and within budget. It's not just about having enough money. That's an issue, but once you do have the money, it's making sure you're putting it to its best use.

Ms. Mitchell: Thank you. One of the pluses that the auditor raised was the performance indicators you have in place for the external managers of your properties. What I would like to know is a further expansion: What are those indicators? Are they directly linked to a financial penalty if the indicators are not met?

Mr. Glass: Yes. In terms of penalties, that's correct. The penalties are in place. If they don't achieve certain levels—if they're, for example, below 80%—they don't get any incentive. If they get to 90%, they get a portion of it, and at 100% they get all of it.

In terms of the actual measures, I'm going to defer to Greg.

Mr. Dadd: They would be the kinds of things such as how they maintain their properties in terms of levels of cleanliness, the feedback from our tenants as far as customer service, and their operating budget that we established at the beginning of the year—how are they able to maintain that operating budget or accrue savings for that? In total, I think there are now about 42 different indicators that we have assessed independently, as well as assessment from our property management staff, that are evaluated at year-end and will then lead to either a sanction against the service provider if they haven't met minimum targets or a bonus structure if they in fact have met that. And then we have that audited.

The Chair: Mr. Patten.

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Mr. Patten: It's good to see you. As some of you probably know, I have some experience with the predecessor of the corporation, which I think, by the way, has a very important job. So my questions are friendly questions, because I'm curious.

The areas that, of course, people look at are the financial, the competencies related to real estate management and all this kind of thing, but often for the local representative it's the appropriateness of the positioning, the service, whether there's a storefront.

In Ottawa, for example, we have community and social services on the eighth floor of 1 The Driveway. We have trade and economic development on the eighth floor of the Elgin building, and now small business.

I must say, by the way, that one-stop shopping with the three levels of government at city hall is very good; we have had good feedback on that.

My question really is in terms of accommodations and some consolidations. Who does that? Do you have people in Ottawa, or do you farm out others who will perform that?

You were talking about Preston Street. That's the new building?

Ms. Layton: That's correct.

Mr. Patten: So there'll be a lease arrangement. It's not too far out of town. It's in my riding. But do you know what? No one ever spoke to me. They probably think politicians somehow are so partisan and so tainted that often bureaucracies are hesitant. But I would say, assume the best of our elected officials; that they really are interested in their community. They see what things look like on the street. They get feedback from people.

I can recall that when I first got elected, the Congress centre had no sign. There was nothing about the presence of the provincial government. The courthouse—what a fabulous courthouse that is. The new courthouse—it's not so new anymore, but it still is state-of-the art; it was at the time. There was nothing that said, "This is a provincial courthouse." In a town so dominated by the federal government, those little symbols of the presence of the provincial government and what we do are so very important because, in the daily lives of people, quite frankly, we do more than the federal government does. But that's not the image in the community. So I give you that backdrop.

I would be curious to know, on the consolidation aspect—your clients really, I guess, are the ministries that are there—what functions and contacts they have. Any of them that have client services directly—meaning citizens—probably are in the one-stop-shopping area, but I don't think all of them are. I'd be curious to know how that has worked out and what the overall objective was in the consolidation of all these services.

Mr. Glass: I'm going to introduce Lori Robinson on this. She's our senior vice-president of strategic asset management. The entire strategy around the Ottawa colocation and subsequent co-location activity falls under Lori.

Mr. Patten: By the way, I don't need massive detail, because my colleagues, I'm sure, aren't interested—just conceptually and in a summary way. I'd be happy to follow up at another date to get more detail, because it's in my riding and no one has talked to me about it.

Ms. Lori Robinson: Absolutely. We do start with the program needs, in working with all of the ministries. From a real estate perspective, we looked at all of the lease locations that we had available, looked at the amount of locations which didn't make sense from a program perspective, and met with all the ministries to talk about what made sense from a consolidation point of view. We then took that information and looked at the Ottawa market. With every ministry, you need to look at where their location of program delivery is. We would like to have done an even larger co-location. There was a requirement or a request to do larger, but because of program delivery areas, we had to limit it to what we ended up with.

Within the co-location itself, what we've done—we have multiple floors, three-and-a-bit floors. We do have the public coming to the building, but we've kept the public-access, front-facing ministries together on the floors where they will have the public coming in. On the other floor and a half where there isn't public, but back office operations, we've consolidated those so that we get a fairly functional plan within how the building will operate. Does that answer your question?

Mr. Patten: Yes, it does. Do you have staff in Ottawa?

Ms. Robinson: Yes, we have a regional office in Ottawa. We have a local project manager who has been hired from a third party company to be the eyes and ears on the ground and ensure that the project gets completed on schedule.

Mr. Patten: Okay. I wouldn't mind a briefing. I think some of the other members in the area would welcome the opportunity as well.

Ms. Robinson: I'd be happy to do that.
Mr. Patten: Thank you very much.

The Chair: Shelley, you had one short question?

Ms. Martel: Actually, Chair, I wonder if I can just get it in writing, given the time and that I've just received a note to come upstairs. I would like it if you could just give us some additional information as a committee in terms of what you've done to resolve the auditor's concern about the use of unit price contractors? If you could get back to us about the steps you've taken to deal with that, I'd appreciate it.

Interjection.

The Chair: Mr. Hardeman.

Mr. Hardeman: I want to go to the issue of allocating sufficient floor space for the ministries. I noticed the issue of the relocation in Ottawa, where you're putting ministries together. How do you go through the process of getting the information from the different ministries and the concurrence that they're willing to move? My understanding was that generally ORC just asked the ministries if the present space is sufficient and, it not, if they want to get rid of something they don't want to pay for, then you're looking for change, but that the decision to do it is actually made by the ministry, as opposed to ORC. How do you go about downsizing the amount of floor space with the consent of the ministries?

Mr. Dadd: Our experience has actually been very positive in doing that. I think if you look at some of the space that ministries are in now or tenants are in now, it is because of the particular design of the space. Perhaps the approach to workplace design at the time, with a lot of closed offices on the perimeter of a floor, for example, and workstations sprinkled somewhere in the middle of the course, is not a terribly efficient use of space at the end of the day.

We sat down with ministries and looked at how they can improve morale, frankly, with the staff, help make their space more efficient, look at some cost savings that they're also looking for, so it's from some different levels. You can start with, very simplistically, that you're in this amount of space and we think, just as a rule of thumb, that you can be accommodated in approximately so many square feet per person, so here are the numbers just to look at that. But in doing that, one of the things that I think has been very helpful in persuading, for example, the multiple ministries and operations that we're looking at in the auto consolidation, because that's probably one of the largest we've dealt with so far, has been to say, "Just look around at the space you're in. Not only is it inefficient, but it's not very nice space in terms of how it's laid out." People don't want to come to work, necessarily, just because it is an old design from 20 years ago, perhaps, and nothing has happened in between other than that files have grown up in aisle ways and that sort of thing. So it's taking the staff and the ministry to show them, "Here's what we could do for you. And we not only could do it for your employees, we could do it at less cost than what it is now." So it's using different methods of approach so that at the end of the day what they end up with-all of our relocations that we've done and the consolidations have been very positive. We've moved them from this space that they've perhaps been in for a long period of time that has those inefficiencies it's dark because there are offices all over the place-to something that is light and airy and modern. It just makes people want to come to work. It's a different kind of work environment. We've made it more efficient. So it's those kinds of tools that we use.

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Mr. Hardeman: You said you can get this better space at a cost saving. How do you decide in individual ministries how much they're going to pay for space?

Mr. Dadd: There are two ways that we approach that. In the government-owned buildings, the process that the auditor talks about in the report is charging for accommodation, which was established in 1997, I believe. It applies a charge per square foot to the ministries for the space that they're living in. Frankly, it's analogous to third party leased space. You've got a base rent and then you've got the operating costs that are passed through. It's no different from any arrangement that you would have going into private sector landlord space. It's the same dynamic.

The amount of space that they have is how much they're going to spend on their accommodation. If we can reduce that amount of space, they can take that money and put it to other uses.

Mr. Hardeman: I also have here what I guess has to do with how you set prices and what ministries pay. There's something in here about renting space from the city of Toronto in Toronto city hall and that we're paying considerably more for that than what the space is worth.

Mr. Dadd: Dave, did you want to take it or do you want me to take it?

Mr. Glass: I can take it. I believe that the audit says we're paying above market for space that we have in the Toronto city hall, and we may well be paying above market, but there are a couple of factors. First, there isn't really a market comparable to the old city hall with 70 courtrooms in it.

The old city hall as well is really an interim measure to deal with delivery of court services in downtown Toronto. There is a longer-term program plan that we have been working on with the Ministry of the Attorney General and an outside consultant that has produced a report that details out the requirements across Toronto out into the future. In fact, it goes out 25 years. The priorities that that plan is driving do not, in the near term, deal with alternate facilities in downtown Toronto. So the requirement for courtrooms downtown is temporarily being met by those rooms that are in the old city hall. In the five- to seven-year time frame, the alternative to the old city hall will begin development. So by the end of roughly a 10-year period we will have a solution to the courtrooms in the old city hall.

In the meantime, the judges are quite happy to be in the old city hall. It represents justice appropriately, in their minds. Without that, the old city hall to a great degree, would become a bit of a white elephant, an empty building, and that's probably not the best use of it.

Mr. Hardeman: The province doesn't own city hall?
Mr. Glass: That's correct. We pay rent to the city of oronto.

Mr. Hardeman: Not being as involved in the marketplace as Ontario Realty Corp., it would seem to me, if I'm looking to lease space and I'm the only customer that can utilize the space to its full value, that at the end of the day I would not pay more than market rent for it.

Mr. Glass: If you look at it from the city's point of view, we have built out 70 courtrooms in that facility. It will cost us around \$20 million to replicate that. It's a build out that is roughly \$400 to \$500 a foot because of the nature of what goes on in courtrooms. So it's extremely expensive to rent at market, whether market is \$15 a foot or \$22 a foot. It depends on which building and what time of day.

But on top of that, to fit up at the \$400- to \$500-a-foot level and execute a move of that magnitude is fairly pricey when you consider that the time frame we're dealing with in terms of an exit plan is in the neighbourhood of seven to eight years. The payback on the investment in the move is not there.

Mr. Hardeman: Again, I'm still confused. I mean, I can understand it from the province, that obviously we need the courtrooms, so we have to pay, I suppose, what

we have to pay in order to keep the courtrooms. But is that the case, that we're being blackmailed into paying too much because it's the only game in town? They can't do anything with it if we were gone.

Mr. Glass: On the other hand, they also know the math behind this. They know what it would cost us to move and fit up 70 new courtrooms in downtown Toronto. They've set their price. While on the face of it, against traditional office space, it's above market, under these circumstances, they've pegged their number fairly accurately.

Mr. Hardeman: Okay. We've had some questions in the last number of months about the property specific to the Guelph Turfgrass Institute. If we're paying more than office space at Toronto city hall, how do you decide how much we would pay for the land of the Guelph Turfgrass Institute?

Mr. Glass: A couple of things: To directly answer the question, the value of the land that the turfgrass institute is on would be based on its zoning. If it's zoned institutional or high-density or medium-density residential versus low-density etc., that would determine the market price.

On the other hand, in that case, that particular component of the Guelph lands is under lease to the turfgrass institute until 2016. We are working with stakeholders in Guelph to determine, on that entire property, how to best use it: what functions, what zoning, what can support the plans Guelph has for its community. After a bit of a rocky start, perhaps we're moving in the right direction in terms of a co-operative effort related to that property.

Mr. Hardeman: Thank you.

The Chair: Further questions? Do you have any other questions, government side?

Thank you very much for coming to our committee. You will be forwarding any of the information and documentation as per our meeting—the memorandum of understanding. You're excused now. Thank you very much, We appreciate your response.

We have one other matter, and that is the letter which has been tabled regarding the charitable gaming and oversight of municipal licences. Does anybody have any objection to me sending this letter?

Mrs. Sandals: We just got it here. It needs to go to the subcommittee. We haven't had a chance to look at it; it just landed on our desks this morning. Could we just refer that to the subcommittee?

The Chair: I would rather deal with it today. Is there

Mrs. Sandals: Well, we haven't read it.

The Chair: It's been in front of you for two hours. *Interjection*.

The Chair: Pardon?

Mr. Lalonde: We had to listen to what was going on

Mr. Hardeman: I guess the Chairman has a right to send a letter as he sees fit. I just read it and I see nothing of great significance in it different than what we discussed at the last meeting, so I personally have no objection to you sending it.

Ms. Martel: I don't have an objection either. This is an issue that all the committee members agreed with when we dealt with the OLG. All committee members expressed concerns about making sure someone had some oversight, and that that happened soon. From my perspective, it's not a new issue and it was one we all agreed on, and yet still, we don't have an answer from the ministry. So I see it in that context: it's just to try to get some sense from the commission about when they're going to get on top of this matter.

Mrs. Sandals: Could we ask that it be shared with us? We really haven't had time to have a look at it, so I would strongly prefer that either we deal with it next time, when we've had a chance to look at it, or at subcommittee. I think either would be acceptable, whether we have a week to look at it or the subcommittee, which-

ever you prefer.

Ms. Martel: I'll give you a third option. I'm fine with it. It seems the Tories are fine with it. If the Liberals want to have another look at it and let you know, Chair, if they've got some concerns and what they are, and then, if there are, I guess the subcommittee will have to deal with it. But I don't see the reason to have to wait another week for the subcommittee to have a special meeting to review this letter.

Mrs. Sandals: Yes. That's why I said, just deal with it next week.

The Chair: I would rather deal with it in committee. Next week then?

Mrs. Sandals: That's fine.

The Chair: Providing they don't have any objection to it.

The committee adjourned at 1202.



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Thursday 19 April 2007

Standing committee on public accounts

2005 Annual Report, Auditor General: Ministry of Children and Youth Services

Chair: Norman W. Sterling

Clerk: Katch Koch

Assemblée législative de l'Ontario

Deuxième session, 38^e législature

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 19 April 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES **COMPTES PUBLICS**

Jeudi 19 avril 2007

The committee met at 0958 in committee room 1, following a closed session.

2005 ANNUAL REPORT, **AUDITOR GENERAL**

MINISTRY OF CHILDREN AND YOUTH SERVICES

Consideration of section 4.02, children's mental health services.

The Chair (Mr. Norman W. Sterling): Good morning. My name's Norm Sterling. I'm the Chair of the standing committee on public accounts. Thank you very much for coming, Deputy Minister Wright and your people with you. We appreciate it very much. We have the Deputy Auditor General with us today, Mr. Peall, who's filling in for our Auditor General, who is away for a couple of weeks.

You've handed out a statement, Ms. Wright. I presume that you will want some leading-off remarks, so I welcome you to give those at this time and then we'll ask some questions after.

Ms. Judith Wright: Thank you very much, Chair and members of the committee. It's a pleasure to be here on behalf of the Minister of Children and Youth Services to report back on the two outstanding sub-recommendations of the committee's report. Specifically, we are here to talk about what the ministry has done in terms of improving outcome measures, data reliability and information systems within the ministry.

I would like to begin, first of all, by apologizing for not having submitted information to you prior to this committee. I have actually been out of the country for a month and so we did not manage to do that. So I beg your forgiveness for that. We will ensure it doesn't hap-

pen again.

The Chair: As long as it wasn't south.

Ms. Wright: It wasn't.

We did report back to the committee, as you know, in February 2006, and we have provided written responses to all of the committee's recommendations and what we have done to address the issues raised by the auditor.

As I said, today we really do want to briefly outline in this statement what we have done for the two outstanding sub-recommendations.

I'd like to introduce the members of the ministry who are at the table with me today. To my immediate left is Alex Bezzina, who is the assistant deputy minister for the program management division for the Ministry of Children and Youth Services and the Ministry of Community and Social Services. Alex's division is responsible for the operational oversight of transfer payment agencies, including funding for child and youth mental health agen-

In addition, we've invited Jeff Wright, who is no relation to me, who is the director of the research and outcome measurement branch in the ministry's strategic policy and planning division. Jeff's branch is accountable for developing and monitoring the outcome measures for all of the sectors within the children and youth ministry but also specifically for children's mental health.

As I did last time. I'd like to thank the committee once again for its commitment to following up on the auditor's recommendations and its own concerns. Your input and direction have greatly assisted us in moving forward on improvements to mental health services for children and youth in this province.

I would like to take the liberty of beginning my remarks by talking very briefly about the policy framework. I know we were not asked to report back on the policy framework as part of this, but we think it's an important step to provide a context for ensuring that we improve our outcome measurements.

As you know, we released this report in November 2006. It's entitled A Shared Responsibility. It is an important step in helping us and working with the sector to integrate services for Ontario's children and youth.

The overall purpose of this framework is to foster collaboration between and among everyone who shares responsibility for the healthy development of Ontario's children and youth. It provides a road map that will set out, in conjunction with the sector, the long-term direction for the delivery of child and youth mental health services and supports in this province.

I would be remiss if I did not acknowledge, with gratitude, the efforts of the many stakeholders who provided, and continue to provide, widespread crosssectoral input on this policy framework. It was truly a joint effort with Children's Mental Health Ontario, clinical experts, agencies, families and youth across the province.

In implementing the policy framework now that we've released it, communities will work through a collaborative community planning process to map locally the available services against a continuum of services that have been set out in the framework. This will enable all service providers to consistently look at available services, service needs, service coordination and funding allocations.

The next step, once the community has mapped those services, will be to help identify where strategic realignment of services may need to take place and identify priority areas for funding, in order to meet the goals set out in the framework and better serve the children, youth and families experiencing mental health issues.

Specifically with reference to recommendation 2.1.2, the ministry was requested to report to the committee on its established outcome measures and the reliability of baseline data for both the newly funded programs and core services identified by its new policy framework.

When we last appeared before this committee in February, we had not yet finalized the policy framework. At that time, we were considering—and I think we talked about this at the committee—defining core services as a key component of the framework. Based on consultation with the sector and our own research, and as we have highlighted in the November 2006 written report to the committee, we've shifted from defining core services to looking at this continuum of needs-based services and supports. This approach, we believe, will enable communities to be flexible in determining the types of services that will meet the unique and changing needs of children, youth and families and their communities.

In outlining the ministry's activities in addressing the recommendations, I'd like to touch on our initiatives related to program evaluation, measurement instruments and data collection.

As we've noted before, the ministry undertook an evaluation of programs funded through the 2004 budget enhancement. This evaluation represents the first broadbased look at outcomes by the ministry in the child and youth mental health sector.

We have completed phase 1 of this comprehensive evaluation. Between April and September 2006, we monitored common outcomes from 79 services that had received this funding. The evaluation shows that there has been substantial improvement in coordination and collaboration within and across programs.

We have also begun to see favourable results in terms of access to services and improved outcomes to child and family functioning. For example, we know that 92% of children who were referred have commenced service and only 9% failed to complete service. We also now know that 75% of children and youth within this cohort that we studied showed functional improvement at service completion, of which 63% showed at least moderate improvement and 30% required no further services.

We are proceeding with phase 2 of the evaluation. The focus of phase 2 will be on evaluating an established evidence-based program that can be generalized across the sector as a best practice. The centre of excellence at CHEO, the Children's Hospital of Eastern Ontario, is leading the phase 2 evaluation and is currently finalizing the methodological design of the evaluation with a view

to procuring an evaluation team within the next two months

With respect to outcome measurement and its application, which we've discussed at length at this committee previously, we have continued to work with agencies to improve the utilization of the brief child and family phone interview, or BCFPI, and the child and adolescent functional assessment scale, or CAFAS. We are also continuing to work with agencies so that they have a greater capacity to use the data and the outcomes that we are getting from those two standardized instruments.

In 2000, Ontario introduced these two standardized instruments to monitor outcomes in the sector. We began working with service providers and other stakeholders in 2004 to disseminate the findings of these instruments and thereby expand and improve outcome measurement in Ontario.

Over the past three years, we increased training and communities of practice in the use of the two instruments.

We've adopted consistent monitoring and sector-wide dissemination of quarterly and annual reports based on data from the BCFPI and CAFAS.

We've incorporated data collection and reporting in our transfer payment contracts. I think it was one of the issues raised by the auditor.

We've collaborated with and supported the Ontario Psychological Association so it could showcase these instruments to other professionals and service providers.

In our written submission to the committee in November 2006, we identified 2005 data from CAFAS and BCFPI. Since then, we have seen a steady improvement in the use of these instruments.

We have recently received the final versions of both the BCFPI and CAFAS 2006 annual reports. These reports will now be shared with our regional offices and participating service providers. In addition, for the first time, each service provider will receive its own agency level results in order to benchmark its performance relative to regional and provincial comparators. This is a very significant step in the use of both the data and an ability to begin to compare outcomes. Where anomalies between agency results and system comparators exist, the ministry's regional offices will work with service providers to understand the anomalies and to work on taking corrective action.

To complement these activities that we're doing with the sector, we have within the ministry initiated a ministry-wide project to strengthen our capacity as well as transfer payment agencies' capacity to use data and information for decision-making and planning purposes.

Led by Jeff's branch—the research and outcome measurement branch—working groups have been established to address five areas that we as a ministry have identified as key to ensuring timely, reliable and safeguarded information.

These areas include training for service providers and ministry staff to ensure that we get better data and that they understand why this is important and how to use it; alignment of data collection with key policy and program questions so that we are clear on the year-over-year data that we think is important to collect to address policy and program issues; and enhancing our ability to access and link up the data sets in a secure and appropriate way.

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Finally, perhaps of most interest to this committee is that we will begin to examine the best way to address the issue of the unique identifier for children and youth in Ontario. At our previous appearance at this committee we talked at some length of the importance of having a unique identifier in order to be able to track and monitor the outcomes for kids in a more meaningful way. This project team will begin to do that, and we are committed to meeting the requirements of the Ontario privacy commissioner before we finalize our system of data linkage.

In relation to recommendation 2.1.7, we were requested to report back to you on an information systems update, and I'm pleased to do that. I think, as we've said before, more than 800 staff throughout the Ministry of Children and Youth Services and the Ministry of Community and Social Services use our service management information system, or SMIS. This data application manages child and youth mental health and other transfer payment contracts and licensing operations for both ministries.

We have made a number of improvements to address the auditor's concerns about the usability of SMIS data. Last fall, we improved the electronic upload of agency budget submissions and quarterly reports. Instead of having to manually enter the data we receive from agencies, we now automatically transfer the data that we receive from agencies directly into SMIS, thus decreasing the error rate.

To ensure that our staff can identify and promptly address data quality issues, we have held 42 regional and corporate sessions across the province to train staff on how to use SMIS more effectively and efficiently.

In January 2006, we established a cross-ministry user group comprised of our key SMIS users. They meet regularly to identify problems and solve those problems.

In addition, the ministry improved the reporting of SMIS data in two areas. In 2006-07, the ministry implemented a web-based business intelligence tool called Cognos ReportNet. This reporting tool provides users with access to the SMIS data that they need and ensures that business-critical reports are sent directly to users in a format and timing that they require. The ministry's Cognos ReportNet website now makes accessible more than 78 self-service reports and over 40 scheduled customized reports.

Effective March 2007, an update to the SMIS service model provides enhanced reporting of French language service designated agencies. This enhancement also includes an improved business process to update and maintain the designation information between the performance management branch and the French language services unit in corporate policy.

All of these data collection and management process changes will improve our ability to monitor transfer payment expenditures and help us ensure that agency funding is appropriate and based on meeting the needs of children and youth in their communities.

Before I conclude, I'd just like to flag a couple of the challenges that the ministry and the sector face in moving towards developing a robust evidenced-based culture around measuring outcomes.

This is a sector, as we've discussed at this table before, that historically has lacked appropriate system integration and outcome measures. Issues such as inconsistency of individual client diagnostic criteria and classifications—which vary across the province, across the country and across the world—make it difficult to produce reliable and comparable data. Professional judgment is important, but it does create challenges in accepting one standard measure for the assessment of a clinical order. As we've discussed here previously, the sector is made up of a variety and diverse set of agencies, from small to large, some of which have sophisticated information technologies and some of which are just beginning to have them.

I believe we are moving forward to address these challenges. In particular, the progress we've made in embedding BCFPI and CAFAS is a significant step forward. The release of the policy framework sets a long-term direction for change in child and youth mental health systems. Finally, we are moving to address what we think is the most significant issue of the unique identifier.

I would like to conclude by taking this opportunity once again to recognize the many dedicated individuals who work hard every day to support children and youth with mental health issues. We will continue to work across all regions, and with our many dedicated partners, to build an Ontario in which child and youth mental health is recognized as a key determinant of overall health and well-being.

The Chair: Thank you. Do we have some questions?

Mr. Ernie Hardeman (Oxford): I just have a couple. It's more about the generalities of how we provide the services and how we decide to deal with those people that we have the capacity to serve when the need arises, and those families who come in with children who need help, who are not considered critical—the budget is short, and so we put them on a waiting list. The waiting list never disappears, but the people on it do.

How do we deal with our success or failure with those who are, in essence, denied service because their need was assessed at the start not to be critical enough? Is there a measurement of that, to make sure that we're not leaving some behind?

Ms. Wright: I'll have Alex talk more specifically to the process of that. The system itself is built on clinical judgment around triaging. So you are correct, sir, that the most acute cases get serviced before the less acute cases, and that's a professional judgment that gets made at that local level.

One thing that the new instruments—not so new anymore—BCFPI and CAFAS, let us track is exactly the

data I quoted in my remarks, which is, we have a better sense now of how long it's taking for different types of services to be accessed by children and youth, and that, in turn, will enable agencies to have a better tool, and a more robust tool, to actually help triage in the most effective way.

Alex, did you want to add anything?

Mr. Alex Bezzina: Just a few things, and thank you for this opportunity. The BCFPI and CAFAS tools—in particular, the BCFPI tool is a useful tool, as the deputy indicated, to look at wait times and outcomes, but it's also a very important tool at the agency level.

To begin to analyze those people who are waiting for longer periods of time, and who may not get the service in as timely a fashion as one would like, it allows them to look at commonalities amongst those people who are waiting and devise ways of reorganizing their resources so that they may be able to meet those needs in a more timely fashion.

For example, one agency that we are aware of has very recently taken a look at this very issue that you're describing—those families that are on the waiting list for longer periods of time—and have introduced a modality of treatment that is short-term and solution-focused, and it's evidence-based.

Evidence increasingly shows that when you're doing counselling with individuals and with families, it is in the first three or four sessions that you have the greatest uptake of clinical change. So they've introduced a program by which they have short interventions, six counselling sessions. They've determined, on their waiting list, those families that are willing and open to receiving this short-term, and in fact, we are seeing improvement in the lives of these children and families as a result of this intervention.

So it's a way that BCFPI data can be used by agencies to say, "Okay, we do have these people on wait-lists. How, then, do we use our resources in a bit of a different way to address these situations?"

Mr. Hardeman: Relating to the same thing, obviously, in rural and small-town Ontario, we have a challenge with having enough service providers. It's one thing to fund them, but it's another thing to have enough.

In my community, we have one very active Oxford Child and Youth Centre. They provide a lot of services to a lot of young people. The problem with the funding is that they get funded based on the area that they were serving when they started. They've gone into opportunities well beyond that jurisdiction, but their funds keep being stretched further and further.

Is there, within the ministry, a way of dealing with the expansion of service providers into areas that presently don't have the service so that they wouldn't have to do that using the dollars that they've been allocated in the past, so they can actually provide service somewhere else and get extra funding to do that?

1020

Mr. Bezzina: Just a couple of points on that one. It is true that there are parts of the province where organizations such as the one that you're describing have broadened their mandate in order to try to address service needs that up until now have not been addressed. The ability that we had a couple of years ago, when we provided some additional dollars to the mental health system, was to prioritize those areas where dollars were being stretched in order to meet areas where service was not provided. So three years ago, when we introduced additional dollars into children's mental health—and it was for new service—through the community planning tables, the priorities were established. So there was the ability for the service providers to say, "Look, we're getting a lot of referrals from these particular areas. We're not able to meet the demand," or, "We are trying to meet the demand, but our resources are being stretched to the limit." That was an opportunity, through community planning tables, for the ministry to identify priorities for funding.

We will be going through a similar exercise now, over the next several months, because through the most recent child and youth mental health funding announcement, an additional \$4.5 million is being made available to address regional and community priorities. Again, we don't make those decisions from Queen's Park. We do work very closely at the regional level and with our community partners to say, "Where are we being stretched? What kinds of issues are we dealing with?" I think it's really important not to characterize child and youth mental health as a single type of service. There are many types of services within child and youth mental health: residential and non-residential, behavioural interventions, family-based counselling and individual counselling, case management. So what of those types of things do we need? We will be going through that community planning process again in that regard.

Mr. Hardeman: Finally, and obviously not saying that there are no pockets in the province that are short on services, is it fair to say, forgetting about just my riding but province-wide, that we're providing fair and equitable child and youth services across the province to all people?

Mr. Bezzina: The issue that you raised earlier, which has to do with the availability of professionals, is an important issue. There is that particular issue that we constantly struggle with, working with our partner agencies. We have increasingly looked at ways of ensuring that when we are allocating funding, we are not simply doing it on a population base. We have to look at a needs base; we have to look at underserviced areas; we have to look at areas where there is significant population growth. So we need to look at addressing those parts of the province, frankly speaking, where we have had traditional programs but population growth is significant—we have that issue—and then we have the issue that you are describing. So we're constantly monitoring both wait time data and other kinds of information that we get through our community consultation tables to identify areas of priority for funding. The demand is great.

Ms. Wright: Just to add two points to that, we have made an investment in telepsychiatry, which I think is a

really significant contribution to being able to address the shortage of access to professionals in rural and northern communities, and we can talk more about that, but that has turned out, I think, to be a very significant step in moving in that direction.

Secondly, the next step in the framework, as I indicated, was to map community services. That actually will happen at the planning table that Alex mentioned as well, but that will enable the agencies also, within the framework of the continuum of services that should exist, to have a conversation at the local level about where the overlaps are, where we have too much money in acute and not enough in prevention, or too much in prevention and not enough in acute. I think just creating that forum will be an important step to have the community begin to address the very important issues you've raised.

Mr. Hardeman: When you get through with the benchmarking information, is it reasonable to assume that it will also tell you the areas where the service is not being provided as opposed to just areas and how well they're doing with the services they are providing?

Ms. Wright: The mapping process will say we aren't providing this service in this area and we need to realign resources or we need additional resources to identify that but, most importantly, I think it enables the community to say, "This is where we think the important services should be for our community."

Mr. Hardeman: Thank you.

The Chair: On page 9, you mentioned, "These reports will now be shared with our regional offices and participating service providers. In addition...." etc. Are those public reports?

Ms. Wright: Yes.

The Chair: So this is going to be a public process. I will be able to say that I'd like to know in my community—for instance, the people I represent—how well children's mental health services are being provided to my people, so that I can come back down here and ask the minister for help if I need help in a certain area. I would like them to be public, and I would like comparators to be public as well.

Ms. Wright: I answered too quickly, and I apologize, Chair. The BCFPI annual reports are public. I will ask Jeff to speak more specifically on how we're disseminating the agency-specific results and how that's going to work, because I think that's an important piece of information. I think you've raised an important issue.

Jeff, can you speak to that? Thanks.

Mr. Jeff Wright: Sure. We are, and we have been for the last couple of years, distributing the aggregate provincial reports with regional reports as well, so that regional offices and agencies could understand what provincial trends were and understand what regional trends were relative to the provincial trends. Something that we introduced this year, which I think is really important for agencies, is their own individual report. On all of the dimensions that we're measuring provincially and regionally, we're actually providing those same compar-

able dimensions to compare to the provincial and regional reports.

The agency report currently goes to just that agency, not to other agencies, and we've been told by the sector that that's probably the best way to ensure that they are continuously improving, that making public their results relative to others is a bit of a sticky wicket and may create some challenges in terms of bringing them along in their continuous improvement. What they've said to us is more valuable is that they actually have their own results to compare against the regions and provinces and that they can work with their regional office to actually make changes that are required, should something be kind of anomalous between their experience and that of their region or province, the like comparators.

On those local reports, we haven't organizationally come to a clear decision on how public those would go beyond the agency level, for the reasons I described. The aggregate—

The Chair: They would be FOI-able, though, would they not? They're public information.

Ms. Wright: Yes, they would be FOI-able, Chair. I think the point that's important here is the balance between getting the agencies and sectors to embrace and use this kind of data. This sector has moved a long way in the last five years, but it has a long way to go. I think the point we're trying to make is, yes, of course they should be public in the way that you've just said, but for the agency I think it's important for them to, first and foremost, understand and own the responsibility for what the data says about their service.

The Chair: Questions? Shelley?

Ms. Shelley Martel (Nickel Belt): Thank you, deputy and staff, for being here today and for providing the information that you did. I wasn't going to start at this point, but because the Chair has asked some questions, let me just go back to the reports that you're talking about.

I'm not clear what comparators are being used, so I'd like to get an idea of what those are.

Mr. Wright: I'll speak to the two measures separately. The BCFPI is really a tool that helps us understand the profile of children. That's sort of the numbers of children who were seen who are experiencing a mental health issue, the types of children we're seeing and the gender breakdown of the children that we're seeing. We can even fine-grain to things like, what is the family composition of the families that we're seeing? For instance, what percentage might be single-parent-headed, relative to two-parent-headed?

This information is enhanced by our ability, through the BCFPI, to also collect wait-time information. So the agency reports—when we're talking about comparisons, we would have an opportunity for the agencies to actually compare on those separate dimensions I just described against their regional and their provincial report to see what kind of variance they have. So for their own planning, is there real variance, for instance, at agency X

in terms of the gender of the children they're seeing, the types of families they're seeing and the types of presenting problems they're having to manage, relative to others, and the acuity of the problems?

The great value of the CAFAS is that it provides us information about pre-treatment and post-treatment change. We can then compare at the agency level, or the agency level can compare to the regional report and to the provincial report, on that dimension. If there's real variance, I think that creates a very important discussion between themselves and the regional office, in terms of how they plan for these things.

It's very important though too to recognize that these measures are good only insofar as they're used most effectively, and I think the most effective use of these tools is to do repeated measures. At the agency level you would want to be looking at your results each year, relative to the previous year and, for that matter, the former year. Likewise, at the provincial and regional levels, we want to be doing the same and looking for things that seem to be stable on those dimensions I described and looking for things that seem to change and, particularly, not just change in the period of one year of time elapsing between two periods of measurement, but two years. If we start to see those sorts of trends, then I think we really need to probably look at them very closely, understand them and make changes if necessary, either at the system level or at the agency level.

Ms. Martel: So am I correct to assume that if there's corrective action, it really has to do with information that comes from CAFAS? Because the first one is essentially a profile. There's not much an agency can do about its geographic location, how many single-parent-led families there are, and gender etc.

Mr. Wright: I would say, though, I think there's something very rich there on the profile piece. For instance, if you were at an agency level and you were providing a standardized, evidence-based program that was perhaps better for boys, or recognized through the evidence to be better for boys, but you had year-over-year information that's telling you that you were actually seeing more girls, you would want to reflect, I think, on the choice of that particular evidence-based program.

The other thing in BCFPI that is really important is the wait time. I would say that that is a very important piece, as well as improvement in child and family functioning.

Ms. Martel: Now, are all agencies using both systems?

Mr. Wright: We have 120 licences for each that we pay for each year; 115 of the agencies that participate use both instruments. So we have a difference of the five where it's either one or the other. The reason that it's one or the other is because in those cases where it is one or the other, the CAFAS is being employed almost independently where it's more of a treatment environment. They've already had a client referred to them who has been formally assessed and they are wrapping around an intervention.

In those few cases where we see primary use of the BCFPI, they're more the cases of the centralized intake

that has evolved in different regions to provide that frontend assessment and referral to the places that treat.

Ms. Martel: Can you explain to me the difference between your agencies with licensed agreements and your others? The auditor looked at 250 agencies. Some have licences; some don't. I don't understand the distinction.

My next question would be, if you've got other agencies not using those two tools, how are you monitoring them?

Mr. Wright: The 120 agencies began with a decision taken many years ago when this was being introduced into the system, in 2000. The criteria that were introduced, which really haven't changed largely, are—of those 200-some agencies that you described, there was kind of a culling out of the ones that were the largest that were also having, as their main, staple service, children's mental health. We have a number of other agencies in the children's mental health line that would fall into that 200-plus group, but when we do our analysis, we find that they're providing some level of children's mental health but, by and large, it could be child welfare services; it could be youth justice services. So the focus of the 120 licences is really on those that are providing core children's mental health services.

Ms. Martel: That's helpful. Thank you.

Let me go back to your evaluation, then, on page 6, when you said you'd just completed phase 1 from 79 services. Originally, I thought that you were going to be applying that to the 113 new services that had been funded. Are the balance of the 113 minus the 79 going to be examined as well? That's the first thing. Secondly, because that was only new services, there were some 96 other existing services. Are they being evaluated at all, and how?

Mr. Wright: There is a mix of new services of the 113. Part of the mix is also the 96 that were enhanced services. The reason that we show 79 services that are actually being evaluated through this is, we took a decision early on, in evaluating these programs—I think one thing that often happens with evaluation is, you commit the people who receive the funding to evaluate the program, which we did. When we started to see the regional plans, there was a clear lack of sophistication around what they intended to do. Particularly from a regional and system planning perspective, we were not going to get information on common outcomes that was going to be very useful to plan. The amount of money that each agency would have of the aggregate pot to actually examine their own investment would not be as good as us applying a common outcomes approach to as much of the initiative as we could. That was a decision that we took, and it was aligned with the federal indicators project. The 79 programs, then—part of the decision-making was, we decided to look at those programs that received \$50,000 or more. The ones that were getting less—it was very difficult to involve them in the evaluation because they didn't have a lot of resources on the ground to even participate.

So, rightly or wrongly, we took a decision that it would be those that received minimally \$50,000 that would be part of this evaluation against the common outcome indicators, which we could then analyze at a provincial level, a regional level and an agency level.

Ms. Martel: And when you say you monitored common outcomes, can you tell me what that means?

Mr. Wright: We were interested in how accessible services were to children and families. We were interested in understanding how children and families improved after receiving an intervention. We were very interested in understanding how the investment was leading to better collaboration amongst service providers and coordination in the sector.

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Ms. Martel: So you've got the 79. It's not your intention to do more at this point. As a result of that evaluation, which is complete, how is that information now being used?

Mr. Wright: We just completed our first report. As we are with all of our reports and sectors, we're moving towards a real, strategic dissemination approach. We're of the mind to try and share as much as we can with those people who are working with us so they can continuously improve. This report, unlike the CAFAS and the BCFPI, is one that we would share corporately, that we would share with the regions and that we would share with the varying participating agencies so that they could have those sorts of similar discussions that I described around continuous improvement with both CAFAS and BCFPI.

Ms. Wright: This evaluation, Ms. Martel, was not meant to be an ongoing evaluation. It really was meant to be a—

Ms. Martel: Snapshot?

Ms. Wright: A snapshot, thank you. I think we would say that one of the unintended side effects of this evaluation has been an opportunity for the agencies that were involved in it to have a good look at their own data and to look at their data from the perspective of common outcomes and whether they had the capacity to measure it or not. I would say that we will feed this information back to the sector, as we would normally do, but we also have had an opportunity to engage with these agencies on this broader issue, which the auditor has raised, on how you actually use your own information and data to measure outcomes.

Ms. Martel: How does that data fit into the com-

munity planning tables?

Ms. Wright: That information would go back to the agencies that had been involved that could come to the community planning table, if the community planning table chose to do it. Because it isn't every agency that's at the table, it's a more contextual piece, I would submit to you, than an agency-by-agency piece. The CAFAS and BCFPI data would be of more interest to the planning table.

The last time the planning table—it has two functions. One is to look at allocating the new money. They had experience doing that the previous time that we gave

them new money. I think the planning tables themselves develop their own way of doing that. On top of it, we will now be asking them to do the mapping for the framework. That will help them put a certain amount of rigour into the conversation that they're going to be having on the allocation of the new money.

Ms. Martel: But they have access to all of this data?
Ms. Wright: They have access to the BCFPI/CAFAS

Mr. Bezzina: A few things: The community planning tables are much broader than just the mental health organizations. What would be very important to them is going back to the conversation that we had about BCFPI and CAFAS regional reports. Those would be of more use to the planning tables than this particular data set that we're talking about. Certainly in order to do the planning, we would make that regional report available to them. But I want to emphasize that the planning tables are much broader than our funded agencies.

Ms. Martel: Right, because they would just have paediatricians and health care professionals who are involved.

Mr. Bezzina: School boards, yes.

Ms. Martel: Explain to me, then, the difference between phase 1, which you've just completed, and phase 2, which you are just starting, and which programs

are being targeted.

Mr. Wright: Phase 1 is an outcome monitoring approach which we took. That's applying common indicators to the 79 programs and having them provide data against those. That's really important from a planning perspective because it gives you a dashboard understanding of what's going on at several levels. What it doesn't do from a research perspective is allow you to understand what it is underneath the results you're seeing that may be causing those results. As you apply a repeated measure, for instance, on those same indicators, it really doesn't tell you why you might have a change for the better or a change for the worse.

Phase 2: We thought it also important not just to have a dashboard kind of understanding of things that would lead to a constructive conversation between those who are funded and those in the regions and so on to try to understand what was underneath and make continuous improvement, but it was important to also invest in a more rigorous evaluation, a more rigorous experimental evaluation where we could quantitatively understand what it was about an evidence-based program, specific program components and the results, favourable or

unfavourable, that the program would have.

So phase 2 was about looking at all the various programs that received investments and applying criteria. We had people from the centre of excellence, some of their scientists, and some of my researchers working together to cull through the various submissions that were made from the agencies in the regions about the programs they were to provide and look at those ones that looked on face to have evidence behind them and that also looked like they were reasonably mature, sustainable and evaluable. We then had that group come

back together and refine down to 12 programs that seemed to meet those criteria on face, and the staff from my branch and from the centre of excellence then went out and did fieldwork and did key informant interviews with the various agency personnel, observed some of the interventions that they were providing and came away with a clearer sense and a next cut of what was probably a premier kind of program that we would want to really evaluate rigorously with a view toward generalizing across the system.

The one that we landed for the time being of the three was chosen because it was most mature and it was ready to be evaluated. The other two programs—I think there's still a way to go in terms of their implementation, but we would still look at them over time to see if they may on face turn into a potential best practice, which we would then also want to rigorously evaluate.

Ms. Martel: If you're down to one, in terms of establishing best practices, I assume you want more than one, or—

Ms. Wright: Well, the purpose of phase 2 evaluation really is—to simplify this a bit—to look at an agency that has good data, has good outcomes, is evaluable in the classic program evaluation way, and then to do that and say, "Here's what the evidence tells us about this program, about what works and doesn't work"—I would say this is an example of how to do that—and then to share those best practices and evidence across the province. I think what Jeff is saying is that in the group we were looking at, this one was strong. We'd like to do it and see how that happens as opposed to—it's not meant to be a comparable evaluation. It's actually meant to say, "Here's the evidence that this program works and therefore actually other agencies could use this program." Is that plain language?

Ms. Martel: When will that be done?

Ms. Wright: CHEO is just beginning to put the evaluation team together. How long is it going to take, Jeff?

Mr. Wright: I think we're looking for interim results within a year. Typically with these sorts of things, we have about a two-year commitment and follow-on.

The Chair: We'll come back. Do you have any idea of the total budget, what that would represent? I don't know whether you can, because of the way you fund—

Ms. Wright: We don't have it with us.

The Chair: I mean approximately. Is it 60%, is it 90%?

Ms. Wright: We'll get back to you with that data. That's a good question.

The Chair: Okay. Mrs. Van Bommel.

Mrs. Maria Van Bommel (Lambton-Kent-Middle-sex): Deputy Minister Wright, you talked a telepsychiatry program. As an MPP for a rural riding, it sounds pretty innovative for access. But how would families access? How do they get to the program? How does it work?

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Ms. Wright: I will ask Alex to give a more detailed explanation of the program. As I said, its purpose is

actually to hook up professionals with service agencies that may not be able to have access to the particular professionals. We have invested in it over a number of years now, but I will ask Alex to explain more precisely how the program works.

Mr. Bezzina: The telepsychiatry program is, as the deputy indicated, an ability to link up areas of the province where psychiatric expertise is not available or is available only in a limited way. So in a number of rural, underserviced northern areas, there simply are not child psychiatrists available.

Through the initial telepsychiatry program, we had 14 sites across the province that were linked by technology to the Hospital for Sick Kids here in Toronto. At the request of the agency that needed a consult about either a particular family or a program that they were trying to establish or to take a look at or about a particular child who did not have a clinical assessment as yet, they were able to link up through video teleconferencing with a psychiatrist that the Hospital for Sick Kids was able to make available. An appointment would be set up, the family would come to the video teleconferencing site, there would be an assessment done over the—it would be like doing a clinical assessment in a doctor's office except we're using video teleconferencing. An initial diagnosis can be made, a medication regime determined. and a plan for care start to get established in consultation with the professionals, who would also be on the video teleconferencing site. That's one kind of consultation that can take place.

Another kind of consultation is program consultation. There is a particular issue in the community, for example, through BCFPI. They are determining that they're seeing increasing numbers of kids, for example, who might be prone to a particular type of behaviour. I'll just use firesetting as an example. The organization may not have the expertise or the background to say, "How do I develop a program for these kinds of kids who are exhibiting this type of behaviour?" So that program type of consultation can take place.

The other kind of consultation that can take place is if a professional is experiencing some issues or difficulties in terms of treating a particular family or client. So a professional can also do a professional-to-professional consultation to say, "Here's what we've tried. These are the outcomes that we're achieving. We seem to not be doing as well as we could. Do you have any other suggestions for intervention with that family?" That's the third kind of consultation that can take place, the professional-to-professional consultation.

The other thing that the video teleconferencing link-up provides for is fairly inexpensive educational seminars to take place, where you can link up a number of different sites on a particular topic. We provide, through the Hospital for Sick Kids at this point in time, a roster of clinical seminars that people can dial into and participate in. It's a cheap way so that you don't have to fly people in to a major site like Toronto or Ottawa or London, where the clinical expertise exists, and we can do seminars in that

particular way. It provides for capacity-building for organizations and for the professionals in those organizations.

As I mentioned, we started off with 14, and in the fall we announced the expansion of the telepsychiatry program. We had been meeting on a regular basis with the lead of the telepsychiatry program at the Hospital for Sick Kids, who was indicating that they were getting increasing requests from other communities, and the capacity for dealing with the requests was overextending their budget. So we began to look at, how do we stabilize and expand the telepsychiatry program? As a result of the expansion, we will be going into 10 new communities and establishing two additional hubs. The hub is the function that the Hospital for Sick Kids has played up until now. We will be establishing a hub in the western part of the province through London and a conglomeration, a collaboration, of agencies in London that will be providing that clinical expertise. In the eastern part of the province, which will also add to our French-language capacity in this regard, we will be working through CHEO, the Children's Hospital of Eastern Ontario, to establish a hub. They can continue to support not only the 10 new sites but the 14 original sites.

Mrs. Van Bommel: How do you measure outcomes in that respect, when you're working through teleconferencing?

Mr. Bezzina: The outcomes would be measured by the agency that's actually delivering the service. The clinical outcomes are going to be measured using CAFAS, the child and adolescent functional assessment survey—

Mr. Wright: Assessment scale.

Mr. Bezzina: Sorry; I don't have the right terminology here. But we're using CAFAS to measure how kids are doing.

What we have with the Hospital for Sick Kids and which we will be using for the other two hubs that I described are a number of indicators in terms of the kinds of requests that we're getting, the kinds of consultations that are going on. We can analyze trends of the kinds of clinical consultation questions that are coming up or professional-to-professional consultations that are coming up so that we can then devise the educational roster. So if you're getting regular questions about a particular type of programmatic intervention or a particular clinical symptom that professionals are struggling with, you can develop some educational sessions.

We collect data at the hub level to ensure that the telepsychiatry program is meeting community needs, but in terms of the outcomes of the kids, those are measured by the agency that is delivering the service.

Mrs. Van Bommel: Thank you.

The Chair: Mr. Milloy?

Mr. John Milloy (Kitchener Centre): I want to thank the presenters for coming before us today.

I had a general question about benchmarking and measurement and things like that. Obviously, like many people around the table, I deal with constituents who have children in various programs, not just children's mental health but related programs, and, of course, I deal with the agencies themselves. Sometimes there seem to be three propositions that—I won't call them contradictory, but I guess I'm just wondering how we deal with it in terms of some of the measurements.

The first is that we want to have a system where the children with the most serious, pressing problems are treated immediately. I don't know if it's fair to make an analogy to an emergency room, but the person with the heart attack gets to the front of the line. Second, you want to have a system that has services available to everyone, so even something which is not as serious or pressing, they have every right and opportunity to those services on a timely basis. Then you have the parent who says, "Look, my son" or daughter "may have a concern or something that needs treatment which is relatively minor right now, and no one is paying a lot of attention, but the fact of the matter is that six or eight months from now, it's going to become a lot more serious."

I'm just wondering, in the benchmark—I know this is probably not a very easy question. It's probably something every agency or government that's overseeing is trying to grapple with. I just wonder how you deal with those three so that we know that children in the most serious cases are going to get to the front of the line but the other ones aren't forgotten.

To be honest with you, sometimes I don't find the wait-time data very satisfying, because if it's percentages or even numbers, I want to know, hey, does the kid at the front of the line have the equivalent of—if you'll excuse the analogy—the heart attack in the waiting room, or does the child at the front of the line have something that, if they're seeing a counsellor or someone giving them treatment in three weeks or even a month or two months, it's not really going to make a big difference? I just wonder how you grapple there. An easy question.

Mr. Wright: I think you're right: The wait-time data alone is not always particularly helpful. That's why we use the CAFAS. The CAFAS is a really strong instrument for helping clinicians, when they're meeting with a child and a family, assess how acute a case is. So it's very valid and it has been validated reasonably extensively to ensure that how a child would score after that assessment occurs-that score is actually related to different levels of intervention that are required based on acuity of the presenting problem. So that level of sensitivity in the measure is really important. It's a very valid measure for determining who those kids are-to use your notion of the heart attack, the kids that would fall into that more serious range. The CAFAS actually directs, based on the results of the assessment and the score that the child would receive, a very specific kind of intervention. There's a range from having a low score, which puts you in the "I should go see my GP with some regularity every six months just to make sure that this doesn't evolve into something that's more serious," through to a secure type of in-patient treatment. About 6.7% of our kids across the province fall into that category once assessed by the CAFAS. Most of our kids fall more toward the middle, and many fall toward the lesser end, but the value of the CAFAS is in determining where they fall and also pinpointing the level of service that is required, if any, for the case.

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The other thing that's really interesting too is that the CAFAS really shows us what the presenting problems are for kids who are pre-adolescent versus those who are adolescent. As you could expect, once kids become adolescents, if they haven't been diagnosed and/or helped earlier, their situation can be more debilitating. So typically what we see through the CAFAS is children, before they become adolescents—those more serious problems in adolescents are things like psychosis, drug abuse, self-harm. At the child level, through the CAFAS, we typically pick up things more like school problems, problems at home and problems relating to others. Many of these sorts of things don't require a really formal intervention so much as direction to parents about how to involve the school more to help their child, to take preventive steps so that they don't become more acute.

Mr. Milloy: Will the CAFAS pinpoint—I guess you've half answered the question. Does it pinpoint with a bit more specificity the kids that, "Hey, we need some intervention now," where there were some warning signs that perhaps in the past might have been overlooked or were sort of shuffled back?

Mr. Wright: Yes, all the items that are included, the things that get measured against, are all warning signs. It is sensitive to pick up any and all of those warning signs that are in the literature. What makes a case more acute, though, is typically having more than one of those things concurrently. To your point about the more at-risk cases and if they get to the front of the line through the assessment, yes, because they are typically having multiple problems that are picked up through this sensitive measure, and then they are having a service wrapped around that is indicated in that situation. But for those kids for whom we need to employ prevention, prevention early, who are starting to show a sign, yes, it will be responsive to that as well. Not only will it be responsive to picking it up, but it will tell you specifically what the area is so that you can focus your preventive intervention around that. So as I say, for instance, problems in school, it will pick that up, and then you know to direct your attention toward managing the specific difficulties this child or youth is having in school.

Mr. Milloy: So I take it the good news is that, in the past, just the general assessments would pick up the very obvious cases, that CAFAS in fact is picking up the one where the parents say, "Hey, you know, we can head it off at the pass now," and there's an opportunity for it.

Is the wait-time data going to become a bit more sophisticated, then, in looking at what level of acuity is where in the list?

Mr. Wright: It'll become more sophisticated once we're able, in Ontario, to move toward a unique identifier, so that we can then tag the results from the meas-

ures against individual case wait-time information and then aggregate that up.

Mr. Milloy: And can you tell me a little bit more about the unique identifier? Would that be a level? What is it going to look like? Like you're a "level 1" or a "level 1B" or a level—

Mr. Wright: No. A unique identifier—what we're referring to there is, very often in research you work with a sample or a group of people whom you're trying to understand through measurement. And then you want to introduce other data from another system they go to. So for instance, if they're in the child welfare system but you also want to understand education information about those individuals, what you would like to do is to be able to have some identification like a number that is applied across all these various sectors, like child welfare, education, children's mental health and so on, so that you could actually follow a case between them without identifying the individual but by identifying them through a common number, like a health number, for instance. So that's what we're talking about in terms of a unique identifier.

We, through our long-term-data strategy, are moving towards trying to introduce that unique identification process in Ontario. We are learning through the experience of a couple of provinces that are much further along in this regard, who've actually either introduced an outright unique identifier number, and they've had that support from their privacy people, or they've introduced something that's nearly as strong, which is a de-scrambling technology to follow one case across those sectors. So they introduced a way that a business intelligence tool can go into the various data sets from the different sectors and pull out an individual based on, say, four demographic pieces of information that are contained in all the sets.

That's what I was referring to in terms of unique identification. Until we can actually move formally and have support within Ontario—which we're working toward with the privacy commissioner—to having unique identification, it will make what you're wanting tricky for the time being.

Ms. Wright: We've talked about this before in the sense of, without some way of tracking children and youth on an individual basis, even within the children and youth mental health system, we actually can't tell you really with any confidence how many services that child or youth is in need of or accessing. If we could get to a clear unique identifier that cut across systems so that we could actually then know if a child who had mental health problems succeeded or didn't succeed in school, we could actually have a really interesting database that would enable us to have stronger evidence on what works and doesn't work for whatever the outcomes are that we identify as being significant for children and youth.

There are significant privacy issues on having a unique identifier, which is why we keep mentioning it. Many provinces have struggled with that. The UK has recently introduced an index that enables anybody who is

helping a child to go into a common database to see what service that child has had. It has been highly controversial in the UK, but it is an attempt to ensure that all people who are serving or helping children and youth understand what other services that child or youth is

Mr. Milloy:Sorry, Mr. Chair; I'm using up lots of time here. But then will there be a way to-I mean. obviously there is, but are we going to be developing an acuity level, if that's the term, where you can start to compare kids, as I say, whether it's a child who's in desperate need of services—where I'm coming from as an MPP, and I guess everyone around the table would identify with this, is the number of parents who come to see you, the media reports. The general thesis is, "My child is stuck in a line and desperately needs to be at the front of the line."

The reality, and I have tremendous sympathy for them. is that all of us as legislators would say, "Hey, the resources have to be meted out in a way so that the most serious cases are being dealt with first." I always find that in this kind of thing to describe what is the most serious is really, really tricky, especially when you're dealing with unique—literally, by its title—each individual child. Are there going to be ways to get some handle on who's falling in a category 1 or a red category or a blue category? Is that the final step?

Ms. Wright: As Jeff says, CAFAS does do a version of that. I think a longer-term strategy about this, though, is to strengthen the ability of the agencies to use evidence to do triage as effectively as possible so that there is a clear and public understanding of why child X got ahead

of child Y.

Secondly, in a system where demand outstrips supply, we also have to be very careful that all of the resources don't go into acute so that we don't deal appropriately with the prevention side or that group of kids—I can't remember your category—who aren't going to tip into crisis but if we don't intervene now may tip into crisis. I think CAFAS does provide the agencies with some capacity to make those judgments, and secondly, it is a professional judgment that is being made by the clinician.

The unique identifier is really about measuring outcomes more than it is about answering your question, if I can put it that way. It really isn't a capacity to be able to say, "Here are the kids being served and here's what's

working and not working."

The Chair: Thank you. You used up 20 or 22 minutes of your rotation. Ms. Sandals, how long do you anticipate your question will be, because I should go to-

Mrs. Liz Sandals (Guelph-Wellington): If Ms. Martel wants to go, and then you can come back and I'll know-

The Chair: Sure. Ms. Martel.

Ms. Martel: I wanted to ask some questions about your SMIS. I had forgotten this, but the deputy auditor reminded us that he thinks at our last meeting there was some discussion that the ministry was going to be looking at systems in other jurisdictions to see what might be useful to pull from other jurisdictions. I'm wondering if that was correct and if that actually happened.

Ms. Wright: I'm sorry, Ms. Martel, I actually don't remember this commitment. We do, on an ongoing basis, look at our own information systems in terms of what we can learn from other jurisdictions. I'll have to go back and check if we actually did do a comparative analysis of the SMIS system. I apologize; I don't remember.

Ms. Martel: No, and it's not my intention to put you on the spot. I'm sorry about that. That was raised earlier this morning, so I thought I would see. So if you can let us know, that would be very useful.

The Chair: Ms. Martel, maybe the deputy auditor can clarify that.

Mr. Gary Peall: Maybe I'll just try and clarify, and then you can jump in. I think in November 2005 you talked about a major review of SMIS, but in particular looking at the transfer payment business practices in other jurisdictions, which you were hoping was going to be finished around March 2006. I think that was the review you were talking about. It may have had implications for SMIS, but it was also the business processes themselves for how you manage the relationship and the funding between your agencies and you.

Ms. Wright: We have done some work, less on a systems basis and more on governance and accountability around transfer payment agencies. We've been doing some background research and some papers on looking at the accountability side of it. As I outlined in my presentation, we made some very specific improvements to SMIS itself, and I think the next stage of this would probably be to put the governance work and accountability

work together with the systems work.

Ms. Martel: Do the upgrades that you've made—I think that's the best term to describe them-make you feel confident that the information that the ministry is receiving now is up to date, is correct, from the agencies sending it in and then what the regions are looking at and then when it gets sent to corporate office?

Ms. Wright: I'll have Alex speak more directly to this, but I think the changes that we've made have removed a lot of the potential error rates and transposition rate of mistakes. I also think we can access that data in a way that's much more real-time access than we've been

able to do in the past.

This is a bit of a cliché, but I think we need to have a continual improvement view of the financial accountability and service information that we get from transfer payment agencies.

We are much better at bringing the service data together with the financial data, which I think has been a regular recommendation from the auditor over the years, and Alex can speak more specifically to that, but I would say that we can still continue to make improvements.

As you know, we fund a lot of agencies. It is a big system when you look at all the agencies, not just children and mental health. SMIS is for all the agencies, including community and social services.

I don't know, Alex, if you want to add anything.

Mr. Bezzina: You asked if the changes make us confident. They make us more confident. As the deputy indicated, this is a continuous improvement exercise.

One thing that has made me feel more confident is the fact that I require director-level sign-off now on the data, so my regional directors have to sign off on the data. It requires, therefore, that the program supervisors in the regional office are looking at the data and ensuring that it makes sense to them. In order to get there, we've started and we need to continue to work with our program supervisors and business staff in the regional office to get them to understand the SMIS data: to interpret it correctly, to understand when there's an anomaly and, if there's a variance in what we think we should be getting from the agency and what we actually see, to ask the right questions. It's about interpretation of the anomaly. So we do have more work to do in that regard, and we will continue to do that.

The other thing that the deputy did refer to is the fact that we now have automatic upload of the Excel spreadsheets, both in relation to the initial budget submission and in relation to the quarterly reports—again, this is both financial and service data that come in the Excel spreadsheets. They're automatically uploaded into SMIS, as opposed to doing the manual inputting that led to high rates of transpositional errors. That, again, helps to increase the confidence level in SMIS data and also in the usability of SMIS data, so that when I ask for a report on whatever, I feel confident that the data has the integrity that it needs for me to either make decisions or to say, "Oh, I've got a problem here and I need a fix."

So the reporting tool that we introduced this year allows me to get regular reporting on specific items and actually take some action associated with it.

Ms. Martel: Are there other proposed changes that would be required that would also require a capital investment?

Mr. Bezzina: I'm not sure if you're talking about an IT infrastructure investment.

There are always things that we can do to improve. We are now looking at a multi-year plan associated with the improvement of SMIS and/or whatever the data system ends up being, and we need to consider appropriate resources in order to do that. We are now beginning to sit down-and this is, in part, in collaboration with Jeff's area-to say, "Okay, SMIS data should not just be capturing the kind of data that we're currently capturing; what are the data sets that we really need to be capturing in there?" So there's a need to bring together the required data elements to make sure that there are clearly defined data definitions, so that everybody understands that this is what this particular datum means when we're entering it or when we're interpreting it, and then the ability to ensure that we have more timely and accurate analysis tools.

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Part of it is that we believe we can continue to do what we're doing right now. Should we move to another platform down the road? We need to take a look at that. My main concern right now is asking, along with Jeff's area: What are we asking for and how do we start introducing additional data sets into the system—and not just data sets for the sake of data, but data that actually will tell us something? So that's where we're currently at. We have to sit down and do that work, and that work is under way.

Ms. Martel: Okay. I just wanted to ask you some other questions that you didn't address in here but were part of some of the appearances you've had before us. When you talk about data, let me ask: What kind of data are you getting now from the regional providers for autism? I'm interested specifically in waiting lists for assessments; waiting lists for children who have qualified but are waiting for service; if the data is sophisticated enough that it's showing the age levels of children being serviced and those who are waiting-I'm sorry; I've got it written down here. I would like to know if you're capturing some of this information: numbers of kids waiting to be assessed; secondly, the number of kids who have been assessed and are qualified but are waiting for service; the ages of those receiving service and the ages of those who have qualified but are still not receiving service; and also, agency by agency, any record of lost service hours.

Ms. Wright: And service provider by provider?

Ms. Martel: Yes.

Mr. Bezzina: When we started a few years ago to look at the issue of data and needing to have regular reporting on some of the issues that you're talking about—waiting for eligibility assessments and then waiting for service—we began to do, as you probably are aware, an exercise, along with the regional provider, on developing a quarterly report. That quarterly report is done by our regional offices sitting down with the regional providers and uploading the data. It's specific to a few things: number of kids waiting, number of kids for eligibility, number of kids waiting for service.

When we begin to ask more detailed questions, like age of kids, we begin to move to another project that we've undertaken and is still in process, and that's the ISCIS project. In this particular committee we've talked about the Autism Program Information System, or APIS. ISCIS is the Integrated Services for Children Information System. We're using it on a few fronts. Preschool speech and language is an example of that. We have introduced it into autism. All the regional providers are currently

entering data into this ISCIS database.

We have contracted with Smart Systems for Health Agency to collect the data and develop the data and begin to get us some regularized reports, and we can also get ad hoc reports. So to the question that you asked earlier about age, we can get that information from ISCIS. We did actually ask that very question in the fall, I believe: How many kids in service are—and we asked a very blunt question—age six and above and age six and under, and how many kids waiting for service fall into those categories? We were able to determine, from ISCIS data, those numbers.

It is beginning to tell us a richer story through ISCIS, but we still have not gotten to the point of maturity with ISCIS, where we're able to mine the richness of the data that's in there. We're working with Smart Systems for Health to get us there.

Ms. Martel: Okay. So I should assume that the question that was asked of the agencies was a special request, and it would have been a special effort to retrieve that, but it's not being retrieved on a quarterly basis at this point.

Mr. Bezzina: Right. Because the regional providers are now entering into ISCIS, when we had that ad hoc question we needed to answer, we didn't have to go to the regional providers; we were going to ask it of ISCIS. Smart Systems for Health was able to get us that information based on the data that they have.

Ms. Wright: You are correct, Ms. Martel: At some point we have to take the quarterly report request and integrate it into ISCIS to make it one process. We are a little bit parallel right now.

Mr. Bezzina: We're parallel-tracking.

Ms. Martel: I'm just not clear on why you'd need Smart Systems for Health to do that. What are the problems or the complexities here that make it not possible at this point to actually retrieve that information?

Mr. Bezzina: It's a capacity question. Just in terms of the database itself, we could have retained it within the ministry. We instead decided to contract out the collection of the data for us—the analysis of the data with the development of the reports.

Ms. Wright: We could have contracted it someplace else. We chose Smart Systems.

Ms. Martel: Okay. So they're giving that back to you on a quarterly basis. Are you asking now, as a matter of policy, from Smart Systems—maybe this is a better way to do it—some of those questions that I've just put in terms of information?

Mr. Bezzina: There will be a series of reports or a series of data sets that we will be able to get from Smart Systems for Health. We're not there yet in terms of getting quarterly data from ISCIS and Smart Systems for Health. That's why we continue to do the quarterly askouts to the regional providers.

When it is a mature system—and we're working with Smart Systems for Health—we will be able to simply get those quarterly reports from SSHA and dispense with the more labour-intensive approach of getting the materials

from the regional provider.

Ms. Martel: Is it possible—and I honestly don't know this—to give this committee the set of questions that you're pulling right now from the regional provider information? Is that public knowledge?

Ms. Wright: Through the quarterly reports, you mean?

Ms. Martel: Yes.

Mr. Bezzina: Through the quarterly reports, currently we collect information on the number of children waiting for eligibility assessments. We collect data regarding those kids who are waiting for service, once deemed

eligible, and children in service. We can also collect discharge information. We can track it back as far as 2004, and we can look at trends associated with that. Finally, we can compare region to region, which is a very important systems management tool that we have.

We also can track some data elements, which I'm not as familiar with off the top of my head-I'd have to look it up in here—on the school support program. We're able to analyze trends in terms of region to region, DFO versus DSO as well, where we see changes in those percentages and where we see growth or lack thereof in the DFO rates, for example—not the payment rates, but the number of families that are accessing the DSO.

We can begin to also look at the issue of discharge, as I mentioned earlier—are we seeing discharge rates higher in some areas and not in other areas?—and begin to ask questions about why we see a difference here versus there. It provides us an ability to ask some questions, region to region.

In terms of some of the investments that we do, we can track them specifically. There were some investments over the last year. We can track the investments against the targets very specifically through this mechanism.

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Ms. Martel: Is that information shared between the regions; particularly, between the providers?

Ms. Wright: Which information? Ms. Martel: The quarterly reports.

Mr. Bezzina: The quarterly reports are shared.

Ms. Martel: Between all the regions, so they can see how others are doing and also ask some questions?

Mr. Bezzina: Yes.

Ms. Martel: Usually I get that information when I do an FOI. Is this information confidential?

Ms. Wright: What do you mean by "confidential"?

Ms. Martel: Is it posted somewhere, and could I get it, or do I need to keep using the mechanism of FOI to do that?

Ms. Wright: I do believe that we've sent it to you before without FOI.

Ms. Martel: It came to us through a committee request before.

Ms. Wright: We would be happy to submit it to the committee again.

Ms. Martel: I would be interested just to see the areas that are now being tracked.

Mr. Bezzina: The quarterly report that you will see aggregates the data provincially, though. What I see is a little bit more granular. For the purpose of system management, I dig another level deeper.

Ms. Martel: So what you're saying is that I wouldn't see the discrepancies and differences, region by region. in the quarterly report.

Mr. Bezzina: No, not in the quarterly report.

Ms. Martel: How do you see that, then, if it's not in the quarterly report?

Mr. Bezzina: The quarterly report, just as a report itself, is the aggregated data that we provide at request and that allows us to also report to the deputy and to the minister in this regard. My stats provide the ability, though, to analyze it region by region. So I ask questions about, for example, discharge; I ask questions about DFO versus DSO; I ask questions about where we see eligibility wait lists growing, or not, as the case may be.

For example, when we were looking at allocating some of the resources in this past year, it allowed us to look at wait-list information and to say that just taking the pot of money and sending it out by base population doesn't make sense, because we can allocate the money region by region based on wait lists, and we can actually, then, provide targets to the regional providers, in terms of meeting those, and when they're not meeting them, we can follow up.

Ms. Wright: I was just going to add the comment that we have set pretty aggressive targets, as you're probably aware, for the regional providers, and I think that's one of the reasons why Alex digs into the data a little bit deeper: to ensure that we're setting targets that are appropriate but also just to ensure that providers are meeting those targets. We need a more granular set of discussions and data at the regional level.

Ms. Martel: So if we wanted some information about region by region, we should do an FOI.

Ms. Wright: Yes.

Ms. Martel: I have one final question; it has to do with the lost-service hours. This has been a topic of discussion a couple of times. I have certainly made the argument that where that happens and where that's the fault of the agency, the agency, which has already been paid for those hours, should be responsible for making those up. I don't know what, if any, progress you've made on trying to put that in place or whether or not the ministry is really going to try to put something like that in place.

Ms. Wright: There have been a number of discussions with the regional providers on this. I think it's fair to say we haven't found a rule that we need to impose on them, so much as we would like to encourage them to minimize the number of lost hours.

As we talked about at the committee the last time, this issue has slightly less urgency, given that the age limit has been removed. I think the existence of the age limit really did aggravate that situation quite a bit.

We have had a number of discussions with them about what they're doing to track sickness with their workers and those sorts of things, and we'll continue to have that ongoing conversation with the regional service providers to ensure that we can both monitor this and continue to minimize the number of lost hours.

Mr. Bezzina: Just a couple of additional things on that: The lost hours from an agency perspective often have to do with illness; it can also deal with turnover. The issue of turnover is real, and we need to recognize that unfortunately this is a high-intensity intervention and workers don't spend their whole career in this particular intervention. In terms of illness, and this is true of any group of people who are working with young children—

you can look at illness rates of kindergarten and grade 1 teachers as an example of this—they just get sicker because the kids don't blow their noses and all the things that kids don't do when they are ill. So there is a higher level of illness, unfortunately.

We have a couple of things to ask the regional providers to look at: their backup systems in terms of when their staff are off ill; mechanisms for reducing the possibility of picking up those cold and flu symptoms within the organization; other health and safety issues within the organization; and finally their EAP provisions—if this is a high burnout kind of venture, what kinds of supports are staff being provided with?

The Vice-Chair (Mr. Ernie Hardeman): Thank you

very much. Mrs. Sandals?

Mrs. Sandals: I'll see how long my voice lasts.

If we could go back to the BCFPI and the CAFAS reports, I take it that when you look at those two reports you would be able to determine things like: For this particular profile of children and this acuity, it's those sorts of kids in an agency have one wait time, whereas a different group of kids who need a somewhat different treatment, maybe even with a lower acuity, may have a different wait time. Can you get at that within agencies, depending on the profile of the children, what the wait times are for different treatments that are required?

Mr. Wright: I think you can do that level of analysis at the agency level manually. You are able to determine what the proportion of acuity of problems is at your agency. You're also able to—sorry. So the one was—

Mrs. Sandals: What I'm wondering is, is the system capable of separating out, "Here's one profile of kids with a set of problems, and this is how they're being responded to"—because not all kids have the same problem—"and here's another group of kids with a different profile and with a different problem, and this is how they're being responded to," because within an agency you can have more than one treatment stream.

Mr. Wright: Right. You can do that manually. There was a suggestion that was made to Kay Hodges, who owns the CAFAS and who we have as our vendor that we use each year. One of the suggestions that was made so that you don't have to do that manually is actually to build that into the report itself, the electronic report. So that is a customization that I think is being looked at quite closely.

So I guess the answers are yes and yes, but—

Mrs. Sandals: At the moment, you would have to get it manually, so we'd have to really ask some specific questions and have somebody with a little bit of expertise with numbers sit down and pull it out.

Mr. Wright: Right, yes.

Mrs. Sandals: Then probably my next question is the same thing, which is, can you look on an agency-by-agency basis—because you said that the CAFAS was doing pre-treatment and post-treatment assessments—at kids with different issues to see that, you know, "On this one, they're getting pretty good results; on this one, we don't seem to be getting a whole lot of effectiveness in what's happening'"?

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Mr. Wright: We could. That isn't what we're inclined to do right now, but it is something that we may consider moving to in future. We are conscious of this being a relatively new way of doing business, and I think if we start drawing those comparisons between the agencies too early, it can compromise their uptake of this. So for the time being, we really have them looking at their own agency results against regional and provincial aggregate comparisons. But in time, as with many measurement systems, I think you would want to evolve there, once you had brought the culture sufficiently along.

Mrs. Sandals: I know you said before that that agency-by-agency data isn't really public, that it belongs to the agency. But it seems to me that when you get to the planning table, and I presume the planning table—I think you mentioned the school boards are there and children's aid. Hopefully everybody who's involved with kids is sitting at that planning table. If you're doing that on a county basis or whatever the basis is for that planning catchment area, it seems to me it would be very useful to be able to look at which agencies are having success with which issues and where the gaps are, which is, from my point of view, the purpose of the planning table: to see what we're doing well and where the gaps are. There's a potential to draw a lot of that data, if it was just analyzed properly, with what you've already got.

Mr. Wright: Right, yes.

Mrs. Sandals: What concerns me is that when you have a lot of different agencies providing various services, there's a certain degree of inertia that the treatment provided is related to the people who happen to be on staff, as opposed to the actual profile of the kids who may present. But, even recognizing the inertia in the system, you might be able to make better use of the available expertise if you were able to say, "This agency is doing really well with this set of problems, so let's direct everybody with this set of problems to this agency, and let's send people with a different set of problems to another agency." You'd at least have people dealing with the thing they do best. Are we looking at moving into that capacity in any way, so that we can support the planning with this data?

Mr. Wright: At the system level, we concurrently look at doing those things and actually do that kind of analysis. But in terms of introducing it into a planning cycle, we would have to consider how that would be done meaningfully. Another challenge, though—through the planning you can say that a certain agency does something better, but then there's another argument to say, "Well, then, why don't we train up another agency that's in closer proximity to that child or family so that they have the capacity?"

Mrs. Sandals: But either way, you would be using the data to provide the service, whether it's focusing the clients on a service with expertise or whether it's being used to do the sort of best practice and modelling other agencies on best practice.

Mr. Wright: I think the important thing is that we collect the right data elements so that we can choose to

do those forms of analysis should they be relevant to planning.

Ms. Wright: I think much of this will come out of the mapping exercise we will be doing in implementing the framework, but I would hesitate to say that the purpose of that is a kind of specialization of agencies, which is sort of what I heard you say, Mrs. Sandals. It is more looking at what are the needs of children and youth and how they are being met, because—it's a little bit the rationale for having not done core services. We went away from saying, "These are the core services," to more, "This is what the community and the children and youth in those communities need. What are the functions and what's the best way to deliver them?" rather than, "What's the best core service?"

Mrs. Sandals: Yes, I understand that. You're looking at the best way of delivering the required service. It just seems to me that there's a wealth of data there, if you could get at it.

The mapping exercise: What sort of geographic territory is that being done on?

Mr. Bezzina: It really depends on the region, obviously. In larger regions of the province, we would have to break it down by smaller communities. In Toronto, we would have a single planning table.

Planning tables were developed back in 2004. We will continue with those same—in fact, those planning tables, in many cases, continue to meet, continue to discuss issues. It was a forum for looking at children's services, so it's excellent that they continue to meet, and now we can just continue to build on that.

From a mapping perspective, just to add to what the deputy said, there is an ability for people—although they may not get very specific about, "We're really good at treating this particular kind of diagnosis or this particular kind of symptom"-to maybe say, "In our system, we have groups of organizations or we have an organization that's really good with the specialized care." These are where kids have very, very serious mental health problems that are expected to occur over a period of time. They have the residential capacity to deal with it. They've got highly specialized psychiatrists to look at medication regimes etc. You may have other agencies that are really good at family or individual counselling for dealing with more functional types of issues, whether it's within the family or in the community or at the school level. Then you may have other organizations that know how to do self-help, prevention and other kinds of health promotion activities.

So the mapping will help us to get at that.

Mrs. Sandals: The local planning table is where you're going to get the service coordination and rationalize the services in a way that makes sense locally, but the better the data available to support that, the better the service coordination model that you're likely to come up with.

The other issue I'd like to go back to is the unique identifier and the degree to which you're constrained by privacy considerations, because there are obviously two other unique identifiers sitting out there: the OHIP

number—because of the Canada Health Act, children's mental health services aren't a Canada Health Act service, so it's not really an OHIP service, but I'm sure all these kids are being seen by family doctors and all have OHIP numbers, or could have—and, for any who are school-age, they'll also be having an Ontario student number. There has been a lot, as you know, of effort going into developing an Ontario student number so we can follow kids through the school system. Is there any possibility of building on the work in either of those areas that has already been done, or do the privacy considerations force you to start all over again, which isn't necessarily—it's certainly not efficient and may not be very effective.

Ms. Wright: We haven't had a direct conversation with the privacy commissioner about this issue, to be able to answer your question very directly. Within our own discussions, we think somehow linking to the education number makes lots and lots of sense. But the privacy commissioner will have her own views on that that need to be respected, of course.

There are other models for—a unique identifier that is one number per kid is the ideal system. If we can't get that, there are other ways of being able to track kids in which maybe your data isn't 100% accurate—correct me, Jeff, on this—but it's good enough to be able to make some judgments about outcomes. We've had no conversations with our colleagues in the Ministry of Education about using the education number, but I think it's very much on the table for discussion, subject to what the other players would say. We all know that education outcomes are the number one indicator of success of kids, so if we care about those outcomes of success of

kids, we should be linking up with that number as much as we can. But we're in a very early stage.

Mrs. Sandals: I know you certainly get things like kids who are the wards of the children's aid in Toronto who end up in some rural community in a group home or being fostered. If you could use the education number, you would, at least on the school-age ones, get the tracking of where they've been and figure out the whole story, which would actually be to the benefit of the kid in terms of tracking and providing the best service if you understand the background.

Ms. Wright: As I said, we just started this data strategy in January in the ministry. We have teams of people together who are basically scoping what I would say are the implementation and policy challenges, and then we'll move forward on those.

Mrs. Sandals: I hope you can build on the work somebody else has already done. Thank you.

The Chair: Thank you very much for coming, and I might say I am impressed that you're really trying to get some evaluation in this area. I think your work is really good, so far.

Ms. Wright: We know we can do better.

The Chair: Thanks for coming.

Ms. Wright: Thank you.

The Chair: I don't think we have enough time before private members' to consider the reports, so we'll postpone that for two weeks. Next week we have school boards and then we'll plan to do the reports after that. Agreed? Okay.

We're adjourned.

The committee adjourned at 1152.



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Chair: Norman W. Sterling

Clerk: Katch Koch

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday 26 April 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES COMPTES PUBLICS

Jeudi 26 avril 2007

The committee met at 0937 in committee room 1, following a closed session.

2006 ANNUAL REPORT, AUDITOR GENERAL

MINISTRY OF EDUCATION

Consideration of section 3.11: school boards, acquisition of goods and services.

The Chair (Mr. Norman W. Sterling): Good morning. My name is Norman Sterling. I'm the Chair of the public accounts committee. You can see the names of the various members of the public accounts committee. We have the government side here, the official opposition—Mr. Hardeman and Mr. Runciman—and Ms. Martel from the NDP.

Because this is a rather large delegation, perhaps I would call on the assistant deputy minister of the Ministry of Education to introduce the various different people. We normally have a presentation, and then members of the committee ask questions of the various members of the delegation after that initial presentation.

Ms. Nancy Naylor: Thank you, Mr. Chair. I'll just start with introductions. My name is Nancy Naylor. I'm the assistant deputy minister, elementary and secondary business and funding, for the Ministry of Education. We're joined here today by four distinguished directors from Ontario school boards. To my left is Craig Burch, the director of education for the Durham District School Board. To my right is Bill Bryce, the director of education for the Thames Valley District School Board; Jean Hanson, the director of education for the Rainbow District School Board; and on my far right is Susan LaRosa, the director of education for the York Catholic District School Board

Mr. Chair, with your leave, I will start with some opening comments.

The Chair: Thank you.

Ms. Naylor: I'd like to begin by thanking the Chair and the committee for the invitation to appear today, and by thanking the Auditor General and his office for the work they undertook in preparing the first value-formoney audit in the education sector.

I am here today to represent the Ministry of Education and to represent our acting deputy minister, Philip Steenkamp. I'm also joined by my colleague David Fulford, the assistant deputy minister and chief administrative officer of our ministry. We're also pleased to be here with our colleagues from the four school boards that were reviewed by the Auditor General's staff in this respect.

I'm going to provide a very brief overview of the Ministry of Education's strategic directions and our initiatives to support strong management and accountability in the school board sector, and then I'll turn things over to our colleagues from the school boards.

There is a short slide package that has been shared with the members of the committee. I'm not going to speak to all the pages, but it's there for your reference.

Under this government, our ministry has established a strategic direction that has allowed both the ministry and school boards to work toward three clear goals: to improve student achievement, to address gaps in student achievement, and to increase public confidence in education. Over the last four years, the Ministry of Education's investments in education have gone a long way toward helping Ontario's students. For the upcoming 2007-08 school year, we project education funding to be \$18.3 billion, with funding per pupil of \$9,400. This represents an additional \$2,000 per pupil since the current government took office.

School boards, teachers and students have done good things with this investment. Since 2003, student test scores are up, primary class sizes are down, and more students are graduating from high school. The role of our division within the ministry has been to design and administer these investments and to ensure that good management practices are in place to support the use of these investments.

I'd like to highlight a few key ministry initiatives that support strong management in the education sector. All of these initiatives have benefited from advice from our colleagues and partners in school boards. These include expenditure guidelines, operational reviews, transportation reviews, and partnerships on emerging management issues. The only initiative I will address in any detail is the expenditure guidelines.

In December 2006, we asked boards to look at their policies governing expenditures in key areas. We also identified a number of best practices from the sector to guide boards in developing these policies. The four areas that we issued guidelines for included the use of corporate credit cards; travel, meal and hospitality expenses; advertising expenses; and advocacy expenditures. We asked boards to post revised and updated policies in these

four key areas on their website. To date, the majority of boards have done so, and we're advised that the remaining boards are finalizing their policies and will post these shortly. I will say that the board policies being developed have benefited from the advice and guidance offered in the Auditor General's report.

I will leave the committee to review at their convenience the remaining slides governing some of the other management initiatives. At this point, Mr. Chair, I would ask our colleagues from school boards to make a few brief opening remarks.

The Chair: Certainly. May I thank you, on behalf of the committee, for your attendance here today. For some of you, I know it's some distance, so thank you very much.

Mr. Craig Burch: My name is Craig Burch. I'm the director of the Durham District School Board. I'm here with Edward Hodgins, who's the superintendent of business with the board. We're just east of Toronto. We have 70,000 kids, about 7,000 staff—an urban-rural-suburban board. This year's budget is \$545 million, and we are hopefully getting to \$567 million next year. We welcomed the Auditor General, and we support the recommendations he made in his report.

Mr. Bill Bryce: Good morning. I'm Bill Bryce, director of education for the Thames Valley District School Board. With me this morning is Brian Greene, our superintendent of business. Thames Valley encompasses the counties of Oxford, Elgin and Middlesex, as well as the city of London. We have 184 schools, 154 of them elementary and 30 secondary. We have about 80,000 students in our system, translated to about 75,000 FTE, with some 7,500 or so employees. We cover about 7,200 square kilometres. I'm delighted to indicate that our EQAO results this past year, in seven of the eight categories, have increased at rates in excess of the provincial average rates of increase, and the eighth is the same rate of increase as the province. Our budget for next year will be in the \$650-million range. We're delighted to indicate that, according to our elementary staffing preliminary for this coming year, we've been able to meet the primary class size targets, moving forward in that area.

We were delighted with the Provincial Auditor's report, to have a fresh set of eyes. Our focus, quite frankly, has been on improving student learning, and sometimes you need to have that extra set of eyes look at the business practice of the organization. We have read very thoroughly the Provincial Auditor's report, reviewed it with our trustees in public session in December, and have moved forward with action as recommended by the Provincial Auditor.

Ms. Jean Hanson: Good morning. My name is Jean Hanson. I'm director of the Rainbow District School Board. Thank you for allowing us the opportunity to be here. I'm here today with Diane Cayen-Arnold, who is our superintendent of business.

Rainbow District School Board is the largest school board in northern Ontario, with 40 elementary schools and nine secondary schools in the heart of Rainbow

country, which is Sudbury-Manitoulin-Espanola. We have an extensive geographic area—14,000 square kilometres—with a budget of \$155.4 million annually. We're proud to offer quality education and character education programs to 16,000 students, including English, French immersion and First Nations learners. Our 1,600 employees consider student success to be our number one priority, in partnership with our parents and our community.

We're happy to announce this year that we are building our first new school in 20 years. It's presently under construction and will be based on Go Green principles. Environmental sustainability is very much a priority in Rainbow.

We have an example that we believe can be shared with the rest of the province in terms of our student services consortium, which provides transportation, with our coterminous boards, to our students.

We're in the process of accommodation reviews involving seven schools, and we hope the outcomes will be positive in terms of the facilities for our students. As mentioned, student success for all is our number one priority, with a very strong emphasis on outcomes for our aboriginal students. Our First Nations advisory committee is key in this endeavour. Our student success initiative of course focuses on literacy in the early years. Early years are very important to us, and we have invested heavily in those years, as well as investments in meeting the needs of our exceptional students.

I could go on at length about the wonderful things that are happening in Rainbow. I'm pleased to answer any questions you may have.

Ms. Susan LaRosa: Good morning, Mr. Chair and honourable members. I'm Susan LaRosa, the director of education for the York Catholic District School Board. I have with me today the treasurer of the board, John Sabo.

We are located just north of Toronto: 94 schools, 54,000 students, and we are still a growing board. I've been the director at that board since 1997. We certainly appreciate the opportunity to be here this morning and present to you, as we welcomed the Auditor General to our board. We certainly always appreciate a free third-party assessment. It's always important to confirm our best practices in what we're doing and to know where we can enhance our processes. It was a very transparent operation at the board when the Auditor General staff were in. We made the trustees, as well as staff, aware step by step where we were going, so when the report came out there were no surprises, because we had improved some of our practices in the process.

We're always looking at processes. We have a strategic framework that we follow. In other circles, that might be known as the balance scorecard. That framework forces the entire system to continually refine the processes to enable us to meet student needs. One component of the framework is certainly the leveraged use of resources—that's human, materiel and financial. It's quite a balancing act to put in a number of controls,

look at the return on investment and at the same time meet the outcomes for students. We support the best practice controls and at the same time focus on strategic use of dollars towards student achievement. My background tells me that spending \$10 in controls to save a dollar is not a good practice, so we certainly are very open and reflective on our practices to ensure that the leveraged use of dollars is meeting our needs for students.

The uniqueness of our business, the learning business, is not always predictable. With over 54,000 students coming to us every day with their own unique talents and needs, it's not always easy to predict where you have to spend your money. An example might be a calming room that you didn't plan to build in a school, but because of students having meltdowns and not being able to be near other students, you need to put that in. So you can't always control your spending the way you'd like to.

We very much support the report. We're committed to implementing the recommendations, and we're certainly going to stay on the path of continuous improvement.

I really thank you again for the opportunity to be here.

The Chair: Thank you very much. I was speaking to the Deputy Auditor General. We had a discussion before looking over the report and the responses we've had from the ministry. One of the questions we had asked was how many boards across Ontario had internal auditors. The Deputy Auditor has informed me that the York Catholic board is the only one of the four that actually has an internal auditor. Is that right or wrong? Do you have an internal auditor as well?

Mr. Burch: Yes, Mr. Chair, the Durham board has one internal auditor.

Mr. Bryce: We had an internal auditor and we found that we were having a revolving door in the process as people moved from the audit position into other positions, so we found there was more stability by using an external audit firm. We did have, but we do not currently, though we do have a board audit committee that has been put in place by our trustees.

The Chair: I just wanted to tell members so if they were asking questions of how that works, they might be interested.

Do we have some questions from members of the committee?

Mr. Ernie Hardeman (Oxford): Thank you very much for the presentation from each board. There has been a lot of discussion, not just in the school board reviews but in the reviews throughout the auditor's report, about the use of credit cards, purchasing cards. When the auditor's report came out, in our local paper, of course covered by the Thames Valley board, there was great concern that—one of the problems was that Thames Valley had far too many cards, comparatively, to what others had, that there were thousands rather than hundreds of cards in circulation. Has the board looked at those or have all the boards looked at that part of it to more clearly define who has the cards and how we deal with the purchases on the cards? There is no problem

with having cards as long as everybody is using them properly, but how do we make sure that even after you have the procedure in place, the procedure is being adhered to in all cases of the use of the card?

Mr Bryce: Certainly we do have a large number of purchase cards; you're quite correct. Thames Valley was applauded by the Education Improvement Commission in, I believe, 1999, for the efficiencies we had achieved by saving a lot of paper and a lot of finance staff by moving to the use of purchase cards. Most of those cards are used by people in our schools who otherwise would have to have travelling purchase orders. These are based on their budgets, so when a teacher-librarian goes out and purchases books, the PCard allows them to very efficiently make use of sales and so on and so forth.

We have policies in place for supervisors, and we reviewed with our principals and our senior staff all of the expectations. The Auditor General made some very specific suggestions that were helpful to us in making sure that we had a thorough process in place. We believe that the practice has allowed for some significant efficiencies and allowed our staff to use the cards wisely and to get the biggest return on the educational dollar.

Mr. Hardeman: Thank you, and I support the process. My questions are really, though, going beyond that. Accepting that everyone who has a card is properly using it, what have we got in place to make sure that that's being adhered to, that the policies are being adhered to? I wouldn't think a teacher-librarian would purchase books. They shouldn't. At the same time, people who have a broader-use card use it for things that—politicians have been known to use it to buy fur coats, I think I read years ago. How do we make sure that that doesn't happen in the education system?

Mr. Richard Patten (Ottawa Centre): That was a federal member.

Mr. Hardeman: I think it was federal too, yes. Thank you, Mr. Patten.

Mr. Bryce: Each supervisor is the person who is responsible for reviewing any of the purchases that are attributed to the PCard. We have reviewed with the supervisors the clear expectations. Our board policy outlines those things which the purchase card cannot be used for, and we have controls on individual cards so that you could not use the card in certain locations, that it just won't be accepted. So there are practices in place with the card once it is initiated. Individuals sign when they get the card that they understand the rules, and we review with the supervisors the board policy. We have clarified our policy. We appreciated the insights, as we say, of the external auditor, who made some suggestions so that we could fine-tune our policy, and we have done that.

In a large organization, we do have to rely on our senior staff, as they review those receipts, that they adhere to the policy. If a person has not adhered to it, then it is turned back and the individual is required to pay out of his or her own pocket.

Mr. Hardeman: You mentioned the senior staff. What's the hierarchy of the approval process for each

card? If it's the librarian who purchases, who reviews that? How does it go up the ladder? And at the end, who reviews your card?

Mr. Bryce: My card is reviewed by the chair of the board. The principal would review the card expenditures of the members of the school staff for which the principal is responsible, the supervisory officers will review the expenditures of the principals and managers within their department, and I review the expenditures of the supervisory officers.

Mr. Hardeman: In some of the other areas, we heard that they use the cards for cash advances. Under the boards, do they have the ability to do that, to pay themselves with the card, to put their bill in and then get

cash back out?

Mr. Bryce: That is not done in Thames Valley.

Mr. Hardeman: Thank you very much.

I just want to go to the ministry. Ontario Buys: How is that being utilized among all the different boards? Does it work to the advantage of all Ontarians or only of certain boards?

Ms. Naylor: Ontario Buys is in its early stages. The education sector is characterized by a very high degree of use of purchasing consortiums, so there are a number that are in place. A very well known example is the Catholic school board's purchasing association which the Auditor General cited in his report.

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Ontario Buys specifically is an initiative of the Ontario government, led out of the Ministry of Finance, that is in the early stages of moving to a very high and professional level of electronic purchasing. The specific initiative that pertains to the education sector is known as the Ontario Education Cooperative Marketplace. It's currently in its pilot stages with two boards: the Toronto school board and the Huron-Superior Catholic District School Board. It is an effort to enlist as broad a swath of suppliers to school boards, colleges and universities through one electronic portal—in a sense, an electronic catalogue—and to work with the actual purchasing organizations, whether it's a post-secondary institution or a school board, to automate their own supply chain management activities—their own purchasing activities. That is in its early stages this year. We expect that future waves, in the next two years, will broaden that to a much wider number of school boards.

Mr. Hardeman: As it relates to the different school boards—and we heard this when we had the colleges here—some of the participants said that they could work together and make purchases locally and get a better deal than buying through Ontario Buys.

My question really would be to the ministry. How could that happen? If Ontario Buys is getting the best possible price because we are buying potentially on behalf of the whole province, how come boards, on their own, can get better deals? If the principle is great, what is it that keeps everybody from being involved immediately because, if that's the main purchaser, shouldn't that always be the better price?

Ms. Naylor: As I said, Ontario Buys is in its early stages. However, the objective is to ensure that boards are getting the best price in every purchasing category. There may be some local opportunities on a sale basis or others, but part of the overall efficiency of that initiative is to bring the discipline of the purchasing powers of all the members of the co-operative to, in a sense, the initial negotiation with suppliers, whether they be office furniture, paper or photocopiers, and ensure that the volume of the entire sector is being brought to the negotiation of the price point at which those units would be available to the members of the co-operative.

I will add to that that part of the efficiency is the work that the co-operative would do in the actual school board, college or university, because some of the efficiency that can be brought to bear out of this initiative is really in streamlining the process within a school board that is used to effect a purchase.

Mr. Hardeman: I guess my problem is, then, that the principle of doing it seems wonderful, but if it really works as intended, why would we even have to spend one hour or one minute to convince people to do it? If the Thames Valley board is looking to buy new furniture and Ontario Buys has the best possible price, why would they have to be encouraged to become part of it?

My concern is not with Ontario Buys; my concern is whether the boards are looking to make sure that they get them the best price for the products that they're using. If the best price is always Ontario Buys, why wouldn't everything you need be bought through that, everything that they can provide?

Ms. Naylor: The one important point is that Ontario Buys, and specifically the Education Cooperative Marketplace, has really not gone live yet, so it's just getting off the ground. These boards haven't had the chance to evaluate the opportunity. We are starting with wave one, which represents two boards and a number of post-secondary institutions. I think that within the next 12 months, other boards and other post-secondary institutions will have the opportunity to evaluate the price points they're being offered through that marketplace and make decisions as to whether to join the initiative.

Mr. Hardeman: One final question: As, obviously, all four boards were part of the auditor's report, you've all said in your opening remarks that you are working diligently to implement those recommendations and they're helpful. As you're doing that, are you finding problems in the areas that you have changed, that the auditor recommended you change? When we speak of dealing with the buying cards differently, when we did that, did the results of using the buying cards change? At the end of the day, did it really help that the auditor made these changes? Is the system working better because of it?

Mr. Bryce: I'll start out and indicate that the auditor's report helped us to clarify and refine some practices, and those have been implemented. Those were implemented straight away and I do believe our system is better informed, so any of the ambiguities that heretofore existed

have been addressed. If an individual is not clear, the supervisor is certainly making that individual clear. So I think I can sit here and very confidently say that there is enhanced value for money as a result of taking the auditor's recommendations and implementing them.

Mr. Burch: I think in Durham we haven't saved a lot of money in doing the report. Actually we've probably spent some money on computer systems to make tenders more visible and real, but the important thing for us is that the public has more confidence in our purchasing and there's more communication to the public. In the long run, we think that's good for education across the province and in Durham.

Ms. LaRosa: Certainly, the report has helped us refocus. We always had procedures in place for the PCards and whatever, but it refocused us and reminded us of the procedures. As Bill was mentioning, the supervisor reviews the expenses. Sometimes supervisors are busy and they don't review them as carefully as they could, but when that arrives at the finance department, it comes right back up to the supervisor. It comes back up even to my office to say, "There's a receipt missing," or whatever. So it really has heightened the fact that everybody is on board about the purchase on PCards.

The Chair: How do we continue to keep that heightened awareness or focus on the use of these cards? I know the assistant deputy minister said that various boards—not the four boards that are in front of us today—are posting on their websites their policies. That's fine and dandy. You can have all the policies in the world you want, but if nobody follows them, then nothing has happened. Our concern in this committee has always been to try to have a better administrative process going forward, have more reporting functions that really mean something. Is there some way that we could continue to maintain focus on the principal, the superintendent, all of the people involved, by improving the reporting mechanism?

Ms. LaRosa: I think it has to be in the practice. You're right about the policies; it's just a policy on a website. It has to be in the practice. I believe if the people who are actually going to pay the PCard bills are flagging and sending it back up, that really improves the practice. So I really do believe—because you're going to hire new principals, new people and supervisors, and they may not know the policy quite the same way, but if you have people in the finance department who keep sending it back to where it belongs, and some things don't get paid, that improves the practice. It doesn't take long for that to move through the system.

The Chair: If the quantum was required to be published, in other words, the total amount that the boards spent on cards, it should stay fairly constant from year to year or whatever. It might go up slightly depending on inflation and those kinds of things. Would that help to put a focus on the use of cards or the misuse of cards? I would say that if you had something like that, you would have an opportunity to explain why there was a blip up or down—somebody bought a huge expenditure on a card because it was most prudent to do so.

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Ms. LaRosa: I think we have to reflect on why we have the cards. It's to facilitate needs in a just-in-time service. Your service level may increase, so your amount will increase, but I think it's to facilitate the needs of the system without going through a long procedure with paperwork through the finance department for weeks and weeks for a school or a department to get what it is they need. They all have a limit anyway on the PCard, so there's a control on that. I think the amount of money spent on a PCard may not be a factor for the outcomes you're trying to achieve. You're trying to facilitate the operation of the school board so that people are concentrating on learning and students and that type of thing and not worried about all those other things: time and hurdles to have to jump to get what you need.

Mr. Patten: I just have a quick comment. Welcome to everyone. As some of you know, this is the first time the auditor has moved in to take a look at some of our partners in the community. I wanted to make a comment and I wanted to get your reaction to this, because it always bugs me that this issue comes up again and again. It's the question Mr. Hardeman posed on why all school boards wouldn't purchase from Ontario Buys?

I have a comment on that, and my comment is this: In many cases, especially in rural areas, northern Ontario or eastern Ontario, the best-educated buy would be to maximize buying locally. You can be buying into Ontario Buys, which is mostly dealing, I would assume, with some of the bigger producers, bigger companies that are probably not in your area, probably centred around Toronto. It may appear to be the best buy, but if you can buy from a local distributor—desks, tables or whatever it is, produced by a local manufacturer—that keeps jobs in your area, which means it keeps families in your area, which means it keeps families in your area, which means it keeps kids, the clients you have, the subject of your mission. It seems to me that's wiser.

I would say we would be wise as a system—and I'd be interested to get a reaction from the ministry-to say, "We want educated, reasonable, effective, meaningful buys of substance." It's not necessarily the best price. The best price you can get from the big companies—big deal. That's going to benefit only a certain part of Ontario; it won't necessarily benefit yours. So if somebody comes back and says, "Yes, this is going to cost us 5% or 10% more, but it's going to help sustain, maintain and support growth or what have you of economic activity in our particular area," I would think as a government and as a ministry we'd be delighted to say, "You know what? That's a wise choice. That's a wise buy." Even though the apparent price is that, we know that it's more expensive in many areas in northern Ontario in particular for oil or certain products by virtue of transportation and what have you.

I'd appreciate any of your comments, and also from the minister.

Ms. Naylor: Perhaps I'll just start and address your question very briefly. I think those are appropriate concerns being brought to the selection of suppliers for

the Ontario education co-operative marketplace. What is envisioned in that exercise is literally hundreds, even thousands, of suppliers being available with their prices online so that boards can evaluate the prices available to them. Some of the examples you cite, such as furniture, there's obviously the cost of the item and the cost of transportation. I think a purchasing initiative based for the province of Ontario to support part of the public sector is certainly going to take into account the need to support Ontario suppliers and manufacturers. It may well be that some of the suppliers available to school boards may be local suppliers and they would be welcome to put their catalogues or their pricing online with the others.

Mr. Burch: Our purchasers and our superintendents of business are classic entrepreneurs. Even though we're a public board, we're a member of the central Ontario Catholic consortium and we're also a member of the Durham region consortium. We buy our insurance through OSBIE, which is non-profit. We're constantly looking at the best price and we always look at local people as well and often—I think it was an older desk. We actually got a better price for wood desks than a new desk; these were refurbished desks. Even though we're a member of these consortiums, we can still sometimes find better deals, as we did ourselves on gas, than some of the consortiums can offer to us. I do expect that that will continue into the future.

Mr. Bryce: Our trustees have added in our purchasing policy exactly what the honourable member has requested. It says:

"Local Preference: Subject to paragraph 5"—which references the Quebec-Ontario trade agreement—"local and then Canadian supplier preference will be used when all factors such as price, quality and delivery are equal."

Our trustees have firmly entrenched in the policy exactly that to which you have referred.

Ms. LaRosa: At York Catholic, the honourable member's comments touched close to home. As the daughter of an independent grocer all my life, I certainly know that relationships at the local level are really important. Though we are a member of consortiums and buy in bulk those items that your local merchant might not have, we do keep in mind the livelihood of the people in the region as well, so it isn't always best price.

The Chair: Mr. Lalonde? Oh, I'm sorry.

Ms. Hanson: That's quite all right.

The Chair: You came the longest way, so you get a chance.

Ms. Hanson: There you go. We too are involved with our coterminous boards and we're involved in partnership with Collège Boréal, Cambrian College and the hospital organizations to maximize the use of our dollar, but like the other boards, our trustees are also always very concerned about buying and supporting the local economy.

The Chair: Mr. Lalonde.

Mr. Jean-Marc Lalonde (Glengarry-Prescott-Russell): Thank you very much for being here this morning, especially the ADM, Ms. Naylor.

I just want to carry on with what my colleague was saying before I go to my question. When you purchase locally or when any purchasing is done, do you require that \$2-million liability insurance every time you buy even \$1,000 or \$10,000, like Government Services is saying? For whatever is purchased through Government Services here, they require the \$2-million liability insurance. I've been fighting against that because local businesses cannot sell to government because of it at the present time. It costs \$2,000 every time you want to get \$2 million in liability insurance, for a purchase of probably \$10,000 worth. So you don't put that in practice, ADM?

Ms. Naylor: It is true that our standard contracts for either goods or services do include a requirement that the supplier carry liability insurance. In many cases, that's a very appropriate provision. In some cases, for example very small suppliers, we amend that provision in the contract. So there is some judgment applied in individual circumstances.

Mr. Lalonde: Also, again before I get to my question, when a school board is giving a contract for building a new school or addition or a renovation, do you insist that they are registered with WSIB and the Ontario Revenue office? I've seen many school boards that are not asking for that. Even though I was working on this labour mobility issue, I found that I received phone calls from trustees asking me if I knew what I was doing, because they were getting contractors that were not charging the tax. I said, "We pay for the school, and right now you fool the system." Really, there are school boards that were trying to get away from paying the taxes, giving this to contractors outside the province. And it's still going on; it is still going on right in Ottawa at the present time.

In my area, I do have six school boards which overlap one another. My question is, have we ever tried to centralize transportation? There's a group that came to my office and showed that to me, and there would be great savings, better service, and you wouldn't see six to eight buses going through the same street in the morning, which bothers people, and I don't blame them. Once their children are out of school, it's only then that they start to criticize seeing six or eight buses going through. They are school boards. The partnership is the best. I was very pleased last week when the ministry told me, "Tell the school boards to shrink down their applications and work in partnership with others, like municipalities or the private sector, other school boards," which is important. Do you force these school boards to do so?

Ms. Naylor: We have mandated transportation consortia, not on a completely centralized basis. We have asked school boards to move toward delivery of student transportation through regional consortia, and boards have formed into 35 transportation consortia. So most of those consortia are delivering service for the four boards in their areas. In some areas it may be two or three boards, with a fourth board purchasing service if they have a very small number of schools in that region. So

we are currently starting on a three-year process of reviewing each of those 35 consortia. We are very pleased with the progress the boards have made in terms of moving towards consortia delivery. It has saved money. We think that further efficiencies are probably possible. But certainly coordinated planning of school bus routes and the ability to transport students on integrated buses is a much more efficient and effective process, and it also centralizes responsibility for the safety of students, which is certainly the overarching principle of student transportation.

Mr. Lalonde: My other question would be about advertising. At the present time, they are putting full pages into newspapers and billboards along highways to try to pull students away from other schools. This is costing millions and millions of dollars to school boards and that money is not spent in the classroom. Do we intend to stop this advertising that is going on?

Ms. Navlor: That was one of the guidelines we issued last December that we asked boards to develop their own policies about. So we did issue direction or guidance to school boards in terms of best practices on advertising expenditures. What we identified as legitimate advertising expenditures was advertising about, for example, kindergarten registration. Certainly new families, or new families to Canada or Ontario, may not be familiar with the registration processes as their children start school. What we identified as an inappropriate form of advertising expenditure was advertising that was primarily designed to recruit students from other boards. That's a much less prevalent practice, but perhaps sometimes in existence. Certainly, some advertising about school events or, for example, opportunities for community input into school planning or facility planning are also appropriate examples of advertising expenditures.

Mr. Lalonde: My last question is on the standing offer agreement. I do believe that most school boards have a standing offer agreement. What I've noticed before, and it happened to me here as an MPP, is that we have standing offer agreements here. When it comes time for services, they send people from Toronto 500 kilometres to fix a fax machine, for example. I insist that they have a standard that they give the contract locally and they could work it out with the company. Otherwise, with the standing offer agreement they might get the better price, but when you look at it service-wise, it becomes five times more expensive.

Do you look at this, when a standing offer agreement is given for purchasing—it could be office supplies, office furniture, anything-that there's a local office or an entrepreneurship that could do the service?

Ms. Naylor: Would you like the boards to respond to that question, perhaps?

Mr. Lalonde: Okay.

Ms. LaRosa: If you're talking about photocopying equipment and so on, there's a local serviceperson who deals with that.

Mr. Lalonde: That is right, yes.

Ms. Hanson: And that would be something that we'd be very conscious of, in terms of selecting our suppliers to ensure efficiencies and that dollars are not wasted in that kind of environment.

Mr. Bryce: We too look to local support, in part because of expense and also in part because of timely repair. If you have somebody coming from 500 kilometres away, they obviously can't get there as quickly as somebody local, so we look to local support.

Mr. Burch: In Durham, we do both. Since we're so close to Toronto, we don't always do local, but we look at local. We certainly have some people who are located in Toronto and not in Durham.

The Chair: Thank you. Ms. Martel.

Ms. Shelley Martel (Nickel Belt): Thank you, Mr. Chair. I thought you had forgotten me after Mr. Hardeman. Let me begin by thanking everybody for coming. I know some of you have come a long way, and

we appreciate your presence here today.

I want to start with the ministry. I think I want to pick up where Mr. Lalonde was on his second-last question, not because I have clear examples of this but because it does raise an issue for me. As of December, the ministry has issued some information around advertising, corporate credit cards etc. Where do you think your responsibility begins and ends in terms of ensuring that the school boards are following that policy? I say that because I don't think some of the policies are very clear, so I've got concerns with them; for example, advertising around school recruitment. Where does your responsibility begin and end in terms of determining whether or not that is appropriate?

Ms. Navlor: I think initially the responsibility that we undertook was to suggest to school boards that they did require a policy in this area. Our review of school board websites and our discussions with schools indicated that that was an area where a small number of boards had policies posted. Other boards may have had policies or practices that were well established and understood, but our suggestion to the sector really was that those should be formalized so that they were transparent both to members or employees of the school board but also to members of the public. We do expect that as boards finalize those policies, we'll review them. I think we will identify some best practices and reflect those back to the sector, so if boards do want to refine their practices, they are aware of what the best practices are and what typical policies reflect for other school boards.

Ms. Martel: Where are you drawing your best practices from as the Ministry of Education? And then I'd like to ask the school boards, because as you look at the policies across these issues, they're different, obviously. I'm not saying that's good or bad; I'm just saying that clearly there is not one set of guidelines that everybody's complying with, that it would be a local issue that you would have to deal with. But the ministry gave direction, and the school boards have direction and best practices, and I don't know where all of those are coming from.

Ms. Naylor: I think primarily we would look at what boards have come up with. There are 72 boards, and

often a board may have taken a leadership role in developing a policy in that area, perhaps because of an example or a decision by trustees to do so. Our sense and our experience have been that when we look at the example of 72 boards, we often find leadership in a certain area that is well worth sharing with other boards.

Ms. Martel: Are each of the boards responsible for providing the ministry with either best practices or their guidelines, policies and procedures—that's the first question—so that you can actually see what's going on across the boards? Secondly, if that's happening in a particular area, how do other boards know about it? Is there a central—"repository" is probably not the best word—site, central method of communication, so that other boards can actually be aware of some innovative best practices and can see if they can be implemented in their own areas?

Ms. Naylor: The request we made when we asked boards to develop these policies was that they develop the policies and post them on their website so they are available publicly. What we have indicated as well is that we will be reviewing these policies over the coming months, and our sense is that we will provide a summary of those policies and reflect that back to the sector. We have a number of regular reporting or engagement opportunities with the sector, both with the Council of Ontario Directors of Education and the council of Ontario senior business officials, as well as regular meetings with trustee associations. I expect that the review and summary of those policies will be an agenda item in those forums.

1030

Ms. Martel: I apologize that I don't know all the details of the two councils you just mentioned. Do these include all of the directors of ed. across the 72 boards? I'm assuming so. Do you folks meet on an annual basis and share the kinds of best practices that we're talking about?

Ms. LaRosa: We do have an annual conference where we share best practices. We also have other meetings where we share best practices. We go to a website as well where we can question each other and share our practices and so on. Most of the time, it's a partnership with the ministry. We try to understand what has come out and try to comply with it. Sometimes, the ministry sends us off to another board to ask them, because they have something in place and so on. It's very much a partnership.

Ms. Martel: The website that you mentioned, is this accessible to all boards?

Ms. LaRosa: It's accessible to superintendents of all the 72 boards.

Ms. Martel: So information can be posted on that that is distributed across the 72 boards.

Ms. LaRosa: And some board might have a question about a practice, and other boards will answer the question.

Ms. Martel: There was a second council. Was that a finance administrators'—

Ms. Naylor: The council of Ontario senior business officials, OASBO.

Ms. Martel: Is it the same thing in terms of this group: a representative from each of the boards, annual meetings? Is there somewhere that information can be posted as well that people can have access to in the same way as the council you just referred to?

Ms. Naylor: Yes, there are websites available through the parent organization, which is the Ontario association of senior business officials.

Interjection.

Ms. Naylor: The Ontario Association of School Business Officials—my apologies.

Ms. Martel: I appreciate that information. Let me go back, though, to this question. Mr. Lalonde raises a complaint that he sees billboards that he feels are an attempt to recruit students from other schools—not at JK.

Mr. Patten: Other boards.

Ms. Martel: Other boards, sorry. What does he do if he has a complaint about that, go to the school board? Obviously, if the school board's got it, they probably don't think it's wrong or contravening any policies. Where does the ministry come in in terms of saying, "Yes; no; maybe we should do something about this," etc.?

Ms. Naylor: If a citizen or a member of the Legislature had a concern, they would certainly be free to contact the ministry, either through the minister's office or through staff. We would be in touch with the board and probably discuss the nature of the advertisement, ask how it relates to their policy and arrive at a decision in concert with the board.

Ms. Martel: Does the ministry have a legal obligation in any of these areas, either through the Education Act or some other vehicle?

Ms. Naylor: I think we'd have to assess whether there were aspects of the Education Act that came into play, depending on the situation.

Ms. Martel: When I looked at—actually, let me deal with this first. You told us earlier that you had sent out the guidelines, which was in December. You had asked all 72 boards to post by March. Can you tell me how many boards are left to post their policies? I'm assuming those were the four that the auditor had identified, not others.

Ms. Naylor: Sorry, just to clarify the question, are you asking how many boards have posted the policies that we asked them to develop?

Ms. Martel: Yes. You said you expected the school boards to make them available by March 31, but I don't think I heard you say that everybody had complied.

Ms. Naylor: That's right. Our sense right now in terms of a review of the websites and our latest contact with the boards is that about 30 or 40 have fully posted the four policies. In the remaining boards, they are in the process of developing those policies. In some boards, there is either a board policy or bylaw that requires public consultation, so they need a bit more time. Our

understanding is that all boards will be finalizing those policies and posting them in the near future.

Ms. Martel: Are you getting any pushback from boards around doing this, or is it more a matter of, where there are requirements for public consultation, those still need to be met in order to either develop or modify bylaws, policies and procedures?

Ms. Naylor: I'm not aware that we have any concerns. As a matter of fact, many boards are viewing this

as a very positive process.

Ms. Martel: We found out that one board had an internal auditor and that another had, but, through various people moving, that changed. In the experience of at least the two who did, is there a way to measure how valuable that was financially to the board? Do you understand what I'm getting at? I recognize that there are bigger and smaller boards. Some can afford to do that. In some cases, the board may be too small and it doesn't make sense. But I'm curious as to how effective that position is, then, in terms of either identifying savings, being very specifically on top of purchasing and those controls, etc.

Mr. Burch: We do have an internal auditor. He spends most of his time in the schools with the principals and the head secretaries. We do believe we get value, but I couldn't pull a report that showed the value to you

today.

The Chair: Could I just ask a supplementary on this, because this is key. We have 68 other boards that were not examined by the auditor. How do we ensure that they got the message? Is there some kind of reporting that we as a committee can ask those boards to come to us and say that they've done this or that, so that we know that they're keyed in on this issue? Can you help us on that?

Ms. Naylor: Mr. Chair, I think we would be very happy to report back to the committee over the coming months, for example, on the finalization of the expenditure guidelines. There's a fairly close match between the Auditor General's recommendations and the guidelines that we asked school boards to develop. We'd be very happy to write to the Chair in the coming months and report on the finalization of that exercise. I think that it's also true that we reinforce on a regular basis the need for appropriate financial controls, which is a broader exercise.

The other thing that the committee may be interested in is the operational review process which we are initiating with school boards. Again, we do see that being a three-year process to review all boards, the status of their financial management, and their controls on both

facility and staffing expenditures.

The Chair: Yes, but these are all words. Is there nothing in the quantifiable sense, that we can see numbers of some sort which would indicate whether or not these boards have got the message? That's why I asked earlier about—if they reported how much they were using the cards from year to year, that would, in my view, focus very, very pointedly on the issue. There wouldn't be a director of education who would be concerned about that from year to year, that there were some

kind of balance or some explanation why the balance was upset. Why wouldn't we ask for that?

Ms. Naylor: Are you suggesting that perhaps we ask for a report on the level of expenditures registered on purchasing cards each year with explanations of any variance?

The Chair: Maybe each month on their website. We're looking for accountability here. Our purpose here in this committee is to ensure that people have their eye on the ball as they go forward—the administrators who are spending our taxpayers' money. The problem with words and policies is that we don't know whether they're being followed or not or whether their eye is continuing to be on that policy. We have some with an internal auditor, which we would feel more comfortable with because we know somebody is looking over somebody's shoulder.

Ms. Naylor: We do have very detailed expenditure reporting by boards three times a year. If this is a recommendation from the committee, we could certainly look at incorporating this aspect of reporting into that. I'd be very happy to take that and discuss it with school boards through the consultation mechanisms that we have.

The Chair: Okay. I'm sorry, Ms. Martel.

Ms. LaRosa: Can I comment just on that point? If it's going to be a requirement for all school boards, I think as well there need to be some resources to provide that, because right now we're stretched and challenged trying to use every dollar we can. So I think it would be important, if it were a requirement about this reporting and so on, that we would have the staff to be able to do it. 1040

The Chair: The auditor tells me that those numbers are very easy to get in terms of—this information is provided very, very easily by the people who are administering these cards. It may require some additional—

Ms. LaRosa: I'm sorry; I'm speaking more about the internal auditor component, not about the PCard. You

can get that information, yes.

Ms. Martel: If I can just go back to my question about internal auditors—I got one answer and I think I was on my way to a second before the Chair asked a supplementary. So you were feeling, Mr. Bryce, that you

wanted to respond to that?

Mr. Bryce: We are the board that had an internal auditor, and found that we were spending a lot of time and resources training internal auditors as they moved through our system. We have a highly trained finance staff. While they're not called internal auditors, they are out in the schools regularly assisting schools and the appropriate individuals in the schools in knowing how to adhere to the policies, understanding the policies. So while they're not auditors per se, they are out in the schools, very visible and doing that job.

Our external auditor goes into a number of schools each year and prepares for me and the principals a detailed report on various components. Part of it is financial, but there are other things in terms of attendance

and various expectations. Those reports are made to us. The principals are asked to enhance practices in certain areas. The principals share those findings with their colleagues so that there is learning that goes on.

I would indicate that there has been and there will be a significant turnover in principals. Principals take their jobs because they're instructional and program leaders. Our job often is to enhance their knowledge of business practice. They come from the learning side, and we have to work on the business practice. So we spend a fair bit of time and energy and resources helping them fully understand the business practice expectations. Our finance staff, along with the external auditors, do that, and they share knowledge amongst themselves.

Ms. Martel: If I can just follow up on the external auditor—it's not a value-for-money audit per se, as the auditor would have done. Do you make specific requests of that auditor in terms of specific schools, or are you saying, "This year we want you to go into those schools and focus on A, B and C"? How does that work?

Mr. Bryce: We have used different criteria in the past. If a principal was retiring, we often went into the school before he or she retired to ensure there were no loose ends as a person was retiring. Sometimes our big schools were looked at, which are fairly complex. We try to use schools from across our board. Because we have four distinct geographic areas, we try and monitor throughout. So we try to get a representative sample so that we can get a sense, and as I indicated, they look at adherence to board financial policies, but they also look at adherence to reporting on attendance, petty cash disbursements, teachers and fundraising—there are a variety of areas that they get involved in. They make recommendations. You're right: They're not value-for-money audits; they're adherence-to-policy audits. That's the basis on which we learn and help our principals and staff learn.

Ms. Martel: Do you post those as a matter of course?
Mr. Bryce: No, we do not post those publicly. We share them and work with the individual principals and the staff concerned.

Ms. LaRosa: We have a position of internal auditor, but there's a lot of staff in finance, because it's certainly good business practice to audit what's going on in our schools. So the schools are audited on a regular basis; they're on a list. That report as well is shared with the principal. The school council funds are also audited at the same time. We conduct workshops for the treasurers of school councils, because we want to make sure that they have the best practices as well in place. Those reports are not posted, but certainly they're followed up with the school's superintendent, who works with the principal and the school council, and the schools are audited on a regular basis. Now, if there's a concern somewhere, that school automatically jumps the list, and it's done right away to make sure that we can get a handle on it.

The financial value of having an internal auditor—I'd have to go back and check those, but what it does do, though, is it certainly enhances your practices, very much so. It keeps everyone sort of understanding good business practices.

Ms. Martel: I'm not sure if the ministry is maybe the best to respond to this. We've got a sense of at least the boards here. How representative are these boards in terms of having an internal auditor? Is that the regular course of events across the boards or is that more an exception than the rule?

Ms. Naylor: Our sense is that the larger boards have internal auditors, so we certainly have a representation of board size; I'd say this group of school boards is slightly biased toward our larger school boards. In smaller boards, there is often a very small management team. Internal audit, by definition, you want to be slightly apart from your management team. It is an internal discipline to do that. In small management teams, sometimes it is more effective to rely on external auditors perhaps more thoroughly than you would if they were just reviewing your financial statements.

I will just add one other thing. Accounting practice has introduced a new requirement for external auditors. They are being asked to offer an opinion on the state of internal controls in the organizations being audited, so that is a little bit of an expansion of the expectations on external auditors. That is, in a sense, something new that they are being asked to opine on in their annual reports.

Ms. Martel: Those are practices, though, that have been in place by accounting agencies or bodies, not by the ministry making that request of boards.

Ms. Naylor: Right. That's an expansion of the PSAAB accounting rules.

Ms. Martel: And would it normally look at some of the issues that the auditor identified in terms of advertising policies around use of corporate cards, PCards?

Ms. Naylor: Perhaps the most typical example is that the controls on purchasing cards, for example, would be something that an external auditor would look at and offer an opinion as to whether those are adequate controls.

Ms. Martel: And for those that have external auditors and that's coming back to the board for that review, the ministry doesn't get copies of that, do you?

Ms. Naylor: Oh yes, we do get copies of the auditor's reports on all financial statements.

Ms. Martel: So whether it's just—I don't want to say "regular" auditing—year-end auditing of financial statements, you get that and then anything that's done by external auditors that might be above and beyond regular practice.

Ms. Naylor: Yes, and that's an important part of our review at year-end when we review the boards' financial statements, and we generally do a reconciliation of their grant entitlements at that point in time.

Ms. Martel: Can I ask the boards that are here—I know that most of you would be involved with consortiums. Do you also have vendors of record? As a school board, do you use that too? And is that a new policy that has come into place as a result of what the auditor identified or has that been a long-standing policy? What would be your policies and procedures around a use-of-

vendor list, I guess is the best way to describe it, or a vendor list? I don't know who has that. Jean?

Ms. Hanson: I can speak to that. We have been ensuring that our requests-for-proposal process is carefully followed. I think the Auditor General's report has highlighted the importance of ensuring that we do this on a regular basis and that they are reviewed annually. That has been highlighted through the auditor's process. We use a public advertising system on our website and through MERX, which is the international request-for-proposal system, the advertising system.

Ms. Martel: As a matter of course, what would be the supplies or services that you would normally have a vendor-of-record list for?

Ms. Hanson: Sorry?

Ms. Martel: What would be the nature of the supplies or services where you would be maintaining a vendor-of-record list?

Ms. Hanson: Architectural services—

Ms. Martel: Repairs?

Ms. Hanson: Repairs. Glass replacement is certainly one that was mentioned in the auditor's report.

Ms. Martel: Would that be the same with the other school boards, then?

Interjection: Yes.

Ms. Martel: Chair, I'm not sure I've got anything else, so I'll let the rotation go.

The Vice-Chair (Mr. Ernie Hardeman): Okay. Mr. Patten?

1050

Mr. Patten: I just have a couple of comments and a question. One is that it's always the propensity from the centre to standardize everything. While there are some merits in doing that, it sometimes kills the opportunities for flexibility which are required because each board is different and every geographic area is different, and every board can identify something that no other board has to deal with. The system doesn't recognize that. That's the problem. So I'm not a big supporter of more and more detail. The ministry has sent out a set of guidelines. I believe the auditor will follow up on this. It's the first time we've taken a serious look at our transfer partners—it's not just the school system alone—so it's a learning experience for everybody.

Generally, the auditor's comments were quite complimentary, frankly. They thought that you were doing fairly well, with a few suggestions and recommendations. I want to make sure you get that message, that this is not such a negative sort of experience, that we're all learning in this, but at the end of the day we don't end up taking back some of the little authorities that you still have as a board that have tended to be centralized so that you can serve the uniqueness of the populations that you have. So I'm not a big believer in that. I'd like to see the system work itself out. The ministry has sent out some guidelines. I'd like to see what the responses are and let that education system handle it without, all of a sudden, value for money. Money isn't everything, as we know, and that's not your business, and it shouldn't be.

Number 2, there are a lot of things that happen which are very seldom talked about within your systems voluntarily. We're not talking about any of that today, but I want to bring it up because I know how many things parents and how many things students do in being involved in all kinds of activities for the environment or for friends in schools in other countries, in some cases friends in other schools, raising money for sports or raising money for certain special activities. In that vein, there was an attempt with a new accounting system—I think it goes back about two or three years—that the ministry was implementing which was affecting all the school boards.

One of the areas where there was, at the time, resentment from some of the parents in particular who were out selling used books or having a bottle drive or whatever it was for the things they felt could enhance equipment in the school or whatever it might be—they were asked to be included in that accounting system. I don't know if you can identify with this. It certainly was true in my board. My wife is a schoolteacher of junior kindergarten. She's reaching into her pocket all the time, believe me, for all kinds of things. She's attending voluntary events with parents. They have school events for people who retire. Do you know who pays for that? The teachers. Their colleagues come and bring something from home for an event in terms of, "Well, I'll bring a salad while you do this." You know, we forget that.

I just want to remind us that this is a bigger picture, that while we talk about value for money and all those kinds of things where we should be accountable to taxpayers, we must never forget that there's another very generous, important aspect to all of this in your particular role of being so important to the communities. That should be acknowledged as well. So I would like to offer that and maybe ask you, at least on that new accounting system, related to parents, school councils and the money they have, where they had a little account in the bank before and they had \$800 or whatever it was—now that has to be drawn back in and identified. I don't know why. I fought against it as a member—but how that is working out, whether it has been resolved or whether it's still a problem.

Mr. Burch: In Durham, there was some reluctance at the beginning of this process from 10% of the school councils of our 135 schools. They were worried that somehow we were going to take that money they had raised, as you suggested, and somehow use it for something that we wanted to use as a board or as a principal or as an administrator. But as we have worked through it, the issue seems to have gone away. Even though we told them that's not what we're going to do, they had to see it to believe it. They have seen it now for a couple or years, so that issue seems to have gone away in Durham.

Mr. Bryce: In Thames Valley, we have extensive home and school organizations which are separate and distinct from the school councils. The ministry did issue documentation indicating that home and schools are not covered by PSAB, so that's a concern. They are individ-

ually constituted and at arm's length, so they are not captured by this.

The school councils: It was a learning curve, as Director Burch has indicated. Our external auditor was very good about coming to the board and helping explain to the trustees and the public the reasons why. Yes, it's extra work, and some school councils feel that is time directed away from their prime purpose, but in any accountability, one recognizes that there is some extra effort. I think I can safely say that people understand now and the fear of the unknown has gone away and the home and schools have had their concerns very properly and appropriately addressed.

Ms. Hanson: I think all the school boards will recognize what these kinds of funds do besides raising money: They build community, and the kinds of projects that are taken on by school councils are an important part of building that community.

For us, our principals are required to work with their school councils on an annual basis to plan and to ensure that the community really does have a say in how the funds they raise are spent. That has been the important point in our jurisdiction: Who makes the decision? Does the principal make the decision, does the community make the decision, or is it a shared decision-making process? At the end of the day, for us it's very much a shared decision-making process, with everybody being watchful to ensure that the funds can always be accounted for.

Ms. LaRosa: Like most things, change is never endorsed by all at the same time. There was a lot of misunderstanding, and that misunderstanding has been cleared up, and we're moving forward quite nicely with it.

The Chair: Ms. Smith?

Ms. Monique M. Smith (Nipissing): Thank you all for being here.

We've talked a little bit about the Ministry of Education issuing new expenditure guidelines around the same time that the auditor's report was coming out. I appreciate you being here, Nancy, but I want to hear from the boards about how—we've talked about PCards, we've talked about your finance people, or at least one board did, we've talked about the bulk buying or the buying process. Could each of you speak for your boards on how you've addressed the concerns that were raised by the auditor in his report, as well as how you've addressed the guidelines that have been suggested or that are under discussion? How are you responding to both the auditor's report and recommendations and the guidelines that are being proposed in a real, everyday, factual way?

Mr. Burch: Durham had a very small number of PCards. I think we had 170, and I think we have 135 schools and about 25 managers. We reviewed that with all the people who have the PCards and we didn't find any major issues because of the small number of cards.

On other aspects of the Auditor General's report, we do believe that we were in the spirit of compliance with what you want us to do with the taxpayers' money, but

there were some small issues that we needed to deal with. We now have monthly sign-off of all expenditures through PCards through the comptroller of finance. That wasn't quite monthly, and now it's exactly monthly. We are adding a system where the tenders come up automatically on our computer systems in the area so that there's no sloppiness about when the tender ends and when it should be publicly put out as tender.

We had some practices that the auditor thought we could improve on, which we have changed. For instance, we had a contract to buy glass to replace glass for broken windows. Even though the individual jobs were not \$50,000, which is our limit, it could, in a year, slide over that so we've changed that practice to some degree. More importantly, there were only about three or four people in Durham who did glass. We invited people locally who were interested in that but we didn't put it in the newspaper. We're going to change that and put that in the newspaper, and similar things with custodial supplies. There aren't too many companies in Canada now that do chemicals and supplies. We did invite the people we knew were in the business but we didn't put it in the paper. We're in that process now. So there are things that I believe we are doing, such as those examples, which primarily will help give the public more confidence that we are into value for money.

1100

Mr. Bryce: On December 2, the provincial auditor issued the omnibus report. On December 19, at our board, we listed the seven main recommendations and all the subsets. We had a column with management comments on how we stood in each of those areas and then a column on what action had to be taken. We advised our trustees and our public within a couple of weeks; in fact, it was the first real board meeting after our inaugural board meeting in which we could get that information out.

In the areas where action was required, we have, through our policy committee, brought administrative recommendations for change in policy to take advantage of the insight, advice and experience of the Auditor General. Our board practice is that it's out for a minimum of 60 days of public input and sometimes that public input generates changes, which generates more consultation.

We have responded to all of the items in the provincial auditor's report. We found them constructive and have, as I say, gone to our trustees and we are in the very final stages of completing the last parts of bringing all of our policies to an enhanced level of awareness, if you will.

In terms of the memo from the ministry, we work with the ministry on a regular basis. Certainly the ministry's memo plus the auditor's information and where we were at were very much in sync with expense reimbursement and the PCards.

In terms of advertising and advocacy, the only advertising we do is for the kindergarten registration. We have never done advocacy. We haven't yet published policies on that because we haven't done it, but it's the part that our trustees are getting to.

Ms. Hanson: It's always a pleasure to be third in the row because I can say, in many instances, ditto.

Since the auditor's report came forward, we have implemented a centralized computer system for entering purchase orders at source and ensuring that all high-value purchase orders do go through our finance department and that quotes are recorded and submitted to our finance people. I've mentioned our request for proposal process and posting on MERX and on our website. We now have a monthly report to ensure that estimates coincide with actual expenditures and there is no over-expenditures, or at least if there are, they are very carefully scrutinized. Our purchase orders have a duration of one year now and are no longer able to float for an extended period of time.

We're constantly reminding staff about the importance of receipts that get stuffed down into people's purses. That is the reality of what happens when people are out using PCards to obtain good value for their dollar. That will be a constant and ongoing message to our employees. All employees with PCards do have a budget line and the budgets are examined on a regular basis by the immediate supervisors. Prepayments are not allowed, have not been the practice of the board.

Going back to documentation and lost receipts, they're very carefully identified to the immediate supervisor and superintendents become involved. Our finance department flags any unusual expenditures and there are questions asked. We're a small enough system that that questioning is a very intimate process involving sometimes the director because we are a smaller system.

We have issued guidelines to staff regarding funds for social events. Our alcohol policy has been reviewed.

We've never allowed travel expenses except for the director and two executive assistants. We've never allowed travel expenses on PCards. People put the money out first and then claim afterwards. We try to have a good fast turnaround time so people are not out of pocket.

We have an annual review process of unused PCards so that those that are not being used are discontinued.

We also, in terms of our advertising, are very conscious of ensuring that we have a solid communications strategy that involves informing our community, particularly our parent body, about the school system in general, not always specific to our school board. We need to ensure the parents have good information, so that they can navigate the school system on behalf of their children, help their children to make good choices. I would say if we looked at our communications that come out centrally, they are truly focused at informing as opposed to recruiting.

Those are some of the things that we've done as a result of the Auditor General's report.

Ms. LaRosa: Thank you. Some of the recommendations were reviewed, and the practice was changed while the Auditor General's staff was still with us. We've changed them, the PCard particularly. If you didn't have your receipt, we instituted, on the recommendation, admin 19 form, that you had to fill in exactly why the purchase was made and for what purpose and what outcome.

We instituted a new unique tool for calculating the mileage in the region so it was clear, the mileage from school to school, so that there was no discrepancy there and someone didn't have to go down and count the mileage. Those were changed while the Auditor General's staff was still among us.

The one about advertising, we've never done that, so we're still putting our policy together. We've never gone out to advertise, looking for students. What we do is, during Catholic Education Week we put in the local paper six or eight of our distinguished alumni and celebrate Catholic Education Week. That's one thing that we do. We think that's a wise use of dollars, but we're not soliciting students from that.

Some of the other policies, like the alcohol—we never pay for that anyway, for a long time.

We're still reviewing the staff recognition and gift purchase policy, and that will be done by the end of the school year. It's the question about "Why did you purchase 25 gift certificates at a bookstore?" or whatever. We're weighing that. It's a recognition of the work people have put in, what they've done. It's certainly more cost-efficient for us than to pay a consultant or somebody who's worked all weekend to put a program together, to pay overtime. So we're still weighing that policy out: Can we have a gift purchase policy, a reasonable one? We're still working at it.

During the course of when the Auditor General's staff were in the board, we reported on a regular basis to the board's audit committee, so they knew what we were trying to improve on, and we moved forward with that.

Ms. Smith: I just have one more question. I'm familiar with the directors' association. Colin Vickers, one of my directors, who announced last night, sadly, that he's retiring—

Ms. Hanson: Really?

Ms. Smith: Yes. He is very involved, and he's also my neighbour, so he's always telling me what's going on. I just wonder, when the Auditor General took the report and issued his report, because it was one of the first times that we've done actual boards, what was the level of communication among the directors? You've talked a bit about the website. Did you have a discussion around the report and how it impacted on others? We've had some questions from members about how this is impacting on other boards beyond the four that have actually been through the process. I just wonder how you shared your experience with the other directors and what impact it's had on the other directors,

Mr. Bryce: Yes, I did put it on a directors' meeting and discussed with colleagues the value of the auditor's report, the process involved within the board—and there is time involved, there's no question—and the salient recommendations. Some of the recommendations are very specific to an individual board, but those that had more far-reaching implications, we discussed those with our colleagues, so that the practice could be spread as quickly as possible. We pride ourselves in learning and we have learned from the auditor's report. As teachers,

we like to have the opportunity to share that learning with our colleagues and that's what we have done.

Ms. LaRosa: Certainly in the dialogue with other directors, we saw it as something not to shy away from. On the other side, you get to talk about the process. The staff gets really stressed because everybody's in there looking at everything, and your role as director is to say, "Not to worry. We have good practices in place. We're learners." So there is a role for the director on that one, "It's okay, we're supportive of it," and move forward.

Ms. Naylor: I wanted to mention that the Auditor General has also been very proactive in terms of communicating with the school board sector. His report was conveyed to all the school boards shortly after it was issued, but Mr. McCarter and Gary Peall as well are regulator visitors to school board conferences. In the last couple of years, Mr. McCarter has spoken at what the system calls the CEO conference, as well as at a major school business officials conference. So he has spoken directly about the findings, and that's been a very effective way to raise awareness of the findings and recommendations in the sector.

The Chair: The Deputy Auditor General wanted to make some comments.

Mr. Gary Peall: I just wanted to put on the record that I know this is a fairly involving and time-consuming process for the boards. We did find excellent cooperation throughout all four boards. We really appreciate the time and effort that your staff have put into the process. It was a learning experience for us as well, and we'll take that forward in the work we do in the community in future. So thanks again for your co-operation.

The Chair: Thanks very much for coming. This is a new process and we've had some excellent answers today.

We are going to recess until 11:20. That's about seven or eight minutes from now.

The committee recessed from 1113 to 1123.

The Chair: I call the meeting to order. I have a motion from Mr. Runciman and a motion from Ms. Smith. Mr. Prue, do you have a motion?

Mr. Michael Prue (Beaches-East York): I have two and they are being photocopied. I can give it to you now if you wish, as the Chair, or do you just want to wait?

The Chair: We'll be calling one of the other two. I'll be calling Mr. Runciman's motion first because I received it first.

Ms. Smith: Excuse me, Mr. Chair, how did you receive Mr. Runciman's motion? We had no notice of his motion and we actually took the liberty of advising the entire committee that we would be bringing forward our motion early in the piece so that we could deal with ours, and we—

The Chair: I had a copy of Mr. Runciman's motion given to me at 9 o'clock this morning.

Ms. Smith: But the rest of the committee was not privy to that, nor did we know that we were going to be dealing with Mr. Runciman's motion at all until actually it was handed to us during the proceedings.

The Chair: The other part of this is, what is logical to consider first, second and third.

Ms. Smith: I think it's more appropriate to deal with what the entire committee has been given notice of.

The Chair: Well, I have the call on this, Ms. Smith, and I'm calling Mr. Runciman's motion first on the basis that I received it first and it's more logical that we consider his first because it's more comprehensive than your motion.

Mr. Robert W. Runciman (Leeds-Grenville): I move that pursuant to sections 16 and 17 of the Auditor General Act, the Auditor General shall conduct a review of the payments made out of the so-called "year-end reinvestment" fund with a view to explaining how the specific grant decisions were made; to determine whether an undocumented, off-book grant program meets generally accepted accounting and accountability practices in the absence of any formal notice, codified application process, or even a written record of applications; to probe whether or not payments made out of this "fund" demonstrate a pattern of political favouritism to the partisan associates of the governing party; to determine if the payments made out of this fund contravene the rules prohibiting the use of public funds for political purposes; to make any other determinations or findings the Auditor General feels are appropriate.

I want to indicate at the outset, Mr. Chair, that we're not looking for or contemplating extensive debate on this, so I recognize Ms. Smith's concerns to get to their motion. But in terms of notice, certainly our leader, John Tory, gave notice yesterday, let alone the notice and the copy that we provided the Chair, but also there was extensive public notice that we were going to be raising this issue today.

I think it's an issue that, to say the least, the opposition has been very frustrated with, in terms of the lack of response coming from the government benches and the approach of government members in terms of—yesterday wasn't a bad day, but the day before, shouting down I think very legitimate questions. Certainly, I don't want to stray from our motion, but I think it's indicative of the deterioration of the conduct in the Legislature. But I think it's also in terms of what's happening here and what happened earlier with the OLG issue: the very apparent inability of members on the opposition benches to have very limited tools, if any, to try to generate meaningful responses to very legitimate questions that are posed in the House and in committees in this place.

Again, this is one of the limited tools available to us, to put this issue before the public accounts committee, and we think there are a number of serious issues surrounding the monies that were given out at the end of the fiscal year. I'll just go through a few here to put them on the record: the Bengali Cultural Society, \$200,000—that was after a meeting with Maria Minna, a former federal Liberal cabinet minister; the Iranian-Canadian Community Centre, \$200,000—registered as an animal protection agency, where seven of seven board members have connections to the Liberal Party, including a riding president, a provincial candidate and a donor to Greg

Sorbara's riding; the Ontario Khalsa Darbar, which has been embroiled in a court case with questions surrounding the failure to release financial records.

I think there are significant issues and concerns around the appropriateness of handing out tax dollars, in significant sums, without any formal application process, without any formal effort at determining the use of those funds once they have been distributed. This is a significant problem, and the government, rather than recognizing that by ensuring that this is referred to the Auditor General so that he can review it and provide us with a timely determination with respect to what happened here, whether it was totally aboveboard and appropriate or inappropriate—I think the government, the minister himself, in a statement he made earlier this week, indicated that they have recognized the inappropriateness of the process but have yet to allow us to take a closer look at how these decisions were made and who was involved in making those decisions.

I want to give the Toronto Star credit for breaking this story initially. In today's paper, the Toronto Star againwhich I think is a noteworthy occurrence, because we know the Star is well-known for championing Liberal causes, but they have stood their ground on this issue, let alone breaking the story. I just want to read a quote from

the editorial in today's paper:

"Currently, it is almost impossible to find out from Queen's Park what the money was spent on, how the organizations were selected, who chose them, and what steps were taken to ensure the money was spent properly.

"This ad hoc distribution of tax dollars is inexcusable. Taxpayers deserve a complete and immediate accounting

of how their money has been used....

"As disturbing questions about this program continue to percolate, it is time to shine a bright light on how Queen's Park doled out this money."

1130

That pretty neatly sums it up. I think there's a growing concern, and the efforts by the minister and other government members to stonewall this issue and to try and divert attention—we'll be speaking to their motion and the tactics behind it a little later. I think it's patently clear that this is the kind of issue that demands the attention of the Auditor General, and hopefully the government members will recognize that in a few moments when we vote on this motion.

Mr. Prue: Before I speak, I have two questions of the mover of the motion, just so I can be clear on what is intended here. You talk about the year-end reinvestment fund. Does that include both years of the fund, 2005-06 and 2006-07, or is it just for this year and the most recent? Because I'm not clear from the body of the motion whether it's both.

Mr. Runciman: The intent was to cover both, because there are questions surrounding both fiscal years.

Mr. Prue: The second one is that I do not see anywhere in the body of the motion a time frame. Was there an expectation that the auditor would report back in any particular order or at any particular time, or is it openended?

Mr. Runciman: It's open-ended. We didn't feel that it would be appropriate to place that kind of constraint or rigid requirement on the Auditor General. He had indicated in a letter to our leader a possible timeline, and that was certainly acceptable to us.

Mr. Prue: I am going to support this motion, notwithstanding the fact that I think the open-ended time frame is not appropriate. I am mindful also of the government motion that would make the reporting of the groups-that they want to report back in six months, which conveniently will be about three weeks after the next election. I think that this requires a great deal more urgency. But notwithstanding the urgency of finding and getting to the bottom before the government funds are actually expended, if they are not properly given out, if they have not been properly received, if there is no program in which to spend them, then I would hope that the government may recoup the funds, the millions of dollars, if they are not appropriately expended. I'm going to support this motion.

This has been a very difficult week in the Legislature, and it has been a very difficult week for me, because although I have asked some tough questions, I have also been attacked. My own integrity has been called into question simply for asking those questions. I want to tell you that the only person at this stage, given the lack of answers coming from the minister, from the Premier, from Mr. Sorbara, the finance minister, and anyone else who cares to stand up and speak to it-given the lack of answers, we are left with the one last person and the one

last group who can get the answers.

It appears that is the editorial opinion coming out of Canada's largest newspapers. The Globe and Mail reported a few days ago that there should be an audit and that the auditor should be called in. Today, as has already been said, the Toronto Star said much the same. I'd just like to quote the last paragraph plus a little of a lengthy editorial, because I think it puts it all together:

"Colle has pledged to implement a formal online application process for these grants by the end of the week. That's a start." Then here's what I want to quote. "But taxpayers rightly expect the government to act

openly when it spends their money.

"In this instance, it is far from clear that all of these grants met that test.

"That's why McGuinty should turn the books over to the province's Auditor General for a thorough examination. As disturbing questions about this program continue to percolate, it is time to shine a bright light on how Queen's Park doled out this money.'

I don't think that's an unreasonable statement for Canada's largest newspaper to make, and I would think that if this motion does not pass, people will have legitimate questions of what is being hidden. The Auditor General has an obligation under law, and works for the Legislature to ensure, that government spending and programs are done properly. What is being asked in this motion is nothing less than for him and his team to do his duty.

I too would like to commend the newspapers, including Mr. Urquhart, who's here in the room, for first breaking this story, but also the other newspapers who carried it. This has been in literally almost every newspaper and on every radio station and television station across this province for about a week. It has seized the imagination of the Canadian public.

I was at a meeting last night in a community that was getting one of the grants. They were very happy with the grant, and I am not displeased that they are getting a grant. But I want to tell you that even in that community, which is getting \$500,000 that's going to be administered by the city of Toronto, they were questioning how they got it. They don't know how they got it. I could tell them how they got it. It's because Maria Minna lobbied for it. That's how they got it. This isn't the Bangladeshi group. This is the community which got \$500,000 for the O'Connor Community Centre youth basketball team to use on a refurbishment of a city-owned facility, and probably a good thing. But they are nonplussed as to how they got that money. They hadn't even asked for it. Maria Minna showed up with Mike Colle, with a cheque for \$500,000, which they cannot spend, because \$500,000 will not allow them to put together what they want to put together. Feverishly and frantically, they asked me to come up with another \$500,000 because they need about \$1.5 million, they've discovered. They hadn't even asked for the money or even thought that they could do anything with it. They were very pleased, of course, to get it. The city of Toronto-I asked them-are very pleased to get it too, but it's sitting in a bank account because they have no way of spending it.

So that's just another example. We need to know why and how the money was doled out. Was it doled out because Maria Minna asked for it? If that's it, the auditor can tell us. Was it doled out for political favouritism in some of the others because boards of directors were Liberal-dominated? Was it doled out because the finance minister in his riding wanted a group to have it? How did the Baseball Hall of Fame end up in there? That one still perplexes me, how that is a multicultural grant.

For all of these, I think the auditor needs to be called in. It's a very sane and sensible thing, and if it takes him longer than the next election, I'm sure there will be considerable sighs of relief from the government benches. If it doesn't, maybe there won't be, but to stonewall this or to not vote for this will be tantamount to saying that you don't want this to be investigated, and I think that would be pretty sad. I will be supporting the motion.

Ms. Smith: Just for the record, I disagree with the way we're proceeding, but I realize that you've made your ruling on this. I also disagree with Mr. Runciman's characterization of what has proceeded this week in the Legislature. I do note that we will not be supporting the motion that Mr. Runciman has proposed. I think that our motion is more appropriate. I do note that in our motion we do refer to both the 2006 and 2007 capital grants, addressing your concerns, Mr. Prue. As well, we've set out a timeline of within six months, which is probably

more appropriate to address a number of the concerns that have been raised. I would note that the auditor has the ability to determine which entities they want to move forward with an audit in the upcoming year, and it's their choice and decision to make. I think our direction to the ministry seeking reports from the recipients is appropriate. Mr. Runciman referred to a letter that he received from the auditor, and I would ask for a copy of that letter.

Mr. Runciman: It was sent to our leader, and he referenced it in the House yesterday.

Ms. Smith: Could the committee see a copy of that letter, now that you've referred to it in conjunction with your motion?

1140

Mr. Runciman: I'll find it.

The Chair: Any other speakers on this motion?

The deputy auditor has said he has a copy of the letter; so he'll supply it to the committee.

Mr. Prue: A recorded vote, please.

Ayes

Hardeman, Prue, Runciman.

Nays

Lalonde, Ramal, Sandals, Smith, Wilkinson.

The Chair: The motion is defeated.

The next motion we have is Ms. Smith's motion.

Ms. Smith: I move that the standing committee on public accounts request the Ministry of Citizenship and Immigration seek a report from each recipient of the 2006-07 capital grants and report back to the committee within six months on the status of those grants.

The Chair: Do you have any comments with regard to your motion?

Ms. Smith: I think I've already made my comments. I don't know that we have to extend the debate. I think that this addresses a number of the concerns that have been raised.

Again, the auditor has the ability to choose what entities he will be investigating in the upcoming year.

I think that this addresses a number of the concerns raised, and we'll provide the committee with the information.

Mr. Prue: I can't support this motion for several

First of all, it is not the groups that need to be investigated. The groups have received the money under whatever auspices that are. The groups have been asked, "Do you want \$500,000 or \$15 million or \$200,000 or \$24,000," and they have taken that money.

I would like to know, in the long term, how they spend that money, and we all would, but what needs to be investigated and what was not in here is: How did the minister choose these particular groups? Why were some chosen over other groups that may have been equally or better qualified to use the money? How was the money doled out? Was there any political favouritism? As we have seen in my riding, it was the Liberal MP who went and lobbied Mr. Colle for two grants and got two grants, one in each year. How was that done? Why was it done that way? That's what we need to get to the bottom of—not the groups, but the minister; not the groups, but the person who cut the cheque, who may be, in fact, the Minister of Finance and/or the Premier's office. How was that involved? That's what we need the auditor to look at, not the groups. We don't need an answer from these groups three weeks after the election, saying, "This is how we got the money, and this how we've spent it so far."

Quite frankly, this is a useless motion. I cannot support it because, in my view—and I can't say this in the House, but I hope I can say it in committee—this is a government whitewash. This is an attempt for you to defuse the issue with words that will produce absolutely nothing. If this is what you intend the committee to vote for and to do, then I will guarantee you that there will continue to be questions in the House today and next week and right through the balance of the sitting days of this Legislature related to the Minister of Citizenship and Immigration and the funding to these various groups; there are a lot of them, and there's lots of ammunition. If that's the way that you want to proceed—without being threatening in any way-there's just so much information, that's what's going to happen. I can't support this.

Mr. Hardeman: I'm somewhat shocked by this resolution. I just can't believe that the government would not expect the Minister of Citizenship to be doing this without the direction of this committee.

Already we find that he has doled out all this money without an application form, without an approval process, and now they're suggesting that unless this committee tells him to, he will not even ask those organizations to report back on how they've spent the money—which will be done in six months. I really don't know what the government is trying to do with this motion.

One of the things that I've been hearing a lot in the House is when the minister doesn't answer the question, he talks about how the questioner must be against the organization that got the money. Nothing could be further from the truth. What the questioners want to know is how the minister decided who was going to get the money and who wasn't. I'm sure there are culture groups in every one of our ridings that needed money and didn't get any, but they had no idea this was available.

Then he says that the questioner is somehow picking on the groups. I would suggest that there is nothing that has picked on those groups more than this resolution, suggesting that "All of this problem belongs to the people who got the money and who may not spend it properly, so we're going to check on whether they're spending it properly." That's not what the problem is, here or in the Legislature. The problem is that the minister gave out money and he has absolutely no documentation as to why he gave it to people and who got what. The only person

who can come up with the answer to that is the Auditor General of the province of Ontario, not the minister.

I don't know why the government would not want the Auditor General to look at this immediately rather than wait until the next round of debates, where the auditor picks the ministries and the entities he's going to look at. I'm sure that after all that's happened in the last week, he will pick this one to have a look at. If nothing else, his interest will be twigged as to whether this really was properly done. I think it makes great sense to get this done as quickly as possible for all concerned so these groups can be assured that they got the money legitimately and they can carry on, as Mr. Prue suggested, to find other means of funding to supplement what they've got and get their projects done. I think the government would be anxious to have the auditor look at this if there is nothing to hide. I guess that really brings it up: There must be something to hide. I don't know that, but I have to assume that if we don't want the auditor to look at it, then there must be something to hide.

The other thing about this motion that really bothers me is that six months is significant, as Mr. Prue said. It's significant because there's an election between now and six months from now. I think the people of the province—particularly if the minister is going to stay committed to the fact that he's clean—have a right to know that and have some assurances that an impartial third party has looked at it to make sure that everything was done the way it was supposed to be done.

This really goes with a number of things the government has done. In municipal affairs, they have decided to have a review of the funding formula between the province and the municipalities, and of course they're not to report back until after the election. "Everything we don't want to discuss or that may not look good over the next few months we want to put off until November of this year." This is a blatant example of that. "We just come forward, blame the people who got the money, put the results off until after the election, and then we'll have to see what the auditor says."

I definitely can't support this resolution because it's just a delaying tactic so that we don't have to deal with it. I'm almost sure that when we get into the House today or tomorrow, somebody from the government side will say, "But it's out to the committee. We're waiting for a report six months from now, so we don't want to discuss it any more." I think the people of Ontario deserve better than that

Ms. Smith: I obviously take exception to how Mr. Prue has characterized the proceedings, but I'm not surprised, given his tendency for a bit of hyperbole this week. I also take exception to Mr. Hardeman's characterization of our view of the groups that have received the funding. We have in no way questioned their integrity. In due course, these groups would be reporting on what they spent the money on. We think that "within six months" gives them the ability to proceed with their projects and report back.

I note that in the letter from the Auditor General to Mr. Tory, he would not be able to complete this for at

least five months. I'm not really sure what Mr. Hardeman's big concerns about timing are, given that the Auditor General himself has indicated that he wouldn't be able to report—

Mr. Runciman: Get out a calendar.

Ms. Smith: Well, he says "unable to complete ... until mid September." Is that a firm date that he's providing? I'm not really sure how the auditor can come up with that date. We've said within six months. It could be mid-September when these groups are reporting back as well. We could go on debating this for some time, but I think we've had the debate that we're going to have and we certainly stand behind the resolution that we've put forward.

1150

Mr. Runciman: Just a couple of brief comments. I was surprised at this motion. Obviously I give some credit to the backroom boys and girls in the Liberal Party, and it's hard for me to understand how they could come up with such a hare-brained scheme. Obviously they didn't consult Mr. Kinsella on this, because it's so blatant in terms of what you're attempting to do here. As my colleague said, this just screams out at anyone who's paying attention that you're afraid of what might happen if the Auditor General takes a look at this. It screams out at you. The clear intent here is to ensure that any results, which are not talking to the primary issues in this, but any results that you're looking for through this motion would in all likelihood come back following the October 10 election.

I just think this is offensive. It's not only an insult to us; it's an insult to any thinking Ontarian. You're saying to them, "How dumb are you, folks?" when you put a motion like this before this committee, before the Legislature and before the people of Ontario to say, "Yes, we want to have them look at only one element of this and let us know after the election." The reality is there are so many very serious issues, with questions surrounding millions and millions of tax dollars that need answers. We're not getting them in the House, we're not getting them in this committee and now you're refusing to allow the Auditor General of the province to give those answers to us and the people of the province.

The Chair: Mr. Prue, did you have anything?

Mr. Prue: Yes, I just wanted to quote, because I've just for the first time seen this letter from the Office of the Auditor General to Mr. John Tory. I think he sets it out very clearly, and I can see exactly what the government is doing here. He sets out very clearly, "As you are no doubt aware, our act specifies that I may only undertake special assignments requested by the assembly,"which is of course Liberal-dominated—"the standing committee on public accounts,"-which is of course Liberal-dominated—"or a minister of the crown," who would be Mr. Colle in this case. Therefore, there is virtually no chance that this government will allow this to happen. This is the only place that it is possible to happen, and the government is choosing to put forward their own motion, which is-without being hyperbolicwithout any type of merit and is obviously designed to have no report from the ministry or the minister but only upon these poor groups that have perhaps had the misfortune to take free money.

Ms. Smith: I would just direct Mr. Prue to the paragraph preceding the one that he was quoting, where the auditor, in his letter to Mr. Tory, outlines what his authority is under the Audit Statute Law Amendment Act, which allows him "the authority to audit how grant recipients ... have used grants they have received," that under that fairly recent legislation they expanded his authority "to cover grant recipients funded directly or indirectly out of the province's consolidated revenue fund." He has "the authority to independently conduct audits that determine whether bodies that receive grants from the province have: properly accounted for the money; maintained proper records" etc. All of those roles are within the auditor's purview. There is nothing precluding him from taking forward an investigation of the ministry in his due course. We are in no way precluding the auditor from making an investigation.

Mr. Hardeman: Just a final comment, and I'm sure the government would want to make things work as expediently as possible. I would just suggest that in their motion, "I move that the standing committee on public accounts request the Auditor General to seek a report from each recipient of the 2006-07 capital grants and report back to the committee" would solve a lot of the problems. I think everyone would agree that what has been going on in the Legislature—there have been some questions about the priorities that happened in the minister's office. By just changing it, and instead of having the minister do it, have the Auditor General do it, I think we would all be well served.

The Chair: Any further discussion?

Mr. Prue: I want a recorded vote, please. The Chair: Are you amending this motion?

Mr. Hardeman: I would amend that motion.

The Chair: Okay. How are you going to amend that motion?

Mr. Hardeman: I move that the standing committee on public accounts request the Auditor General to seek a report from each recipient of the 2006-07 capital grants and report back to the committee within six months on the status of those grants.

The Chair: Does anybody want to speak to the amendment? Perhaps the deputy auditor would like to

say a word just on this amendment.

Mr. Peall: The amendment then puts the reporting responsibility back to us, but there would be no requirement that we verify the reliability of the data or in any way investigate the recipients' actual use of the money. We'd just be accepting the data that we got from them, compiling it and bringing that information back to the committee. That's what your motion is asking.

Mr. Hardeman: Then I withdraw it.

The Chair: Any other further discussion on the motion? All those in favour of the motion by Ms. Smith?

Ms. Smith: It's our motion. There's no amendment, right?

Mrs. Liz Sandals (Guelph-Wellington): Sorry, I'm confused. Are we voting on the amendment to the motion?

The Chair: I'm sorry, I didn't make that clear. Mr. Hardeman withdrew the amendment to the motion.

Ms. Smith: Yes, we're voting on our motion.

The Chair: All those in favour of the motion moved by Ms. Smith?

Mr. Prue: A recorded vote, please.

Ayes

Lalonde, Ramal, Sandals, Smith, Wilkinson.

Nays

Hardeman, Prue, Runciman.

The Chair: The motion's carried.

The third motion: Mr. Prue.

Mr. Prue: I have two motions to move. The first one is different from that proposed by the official opposition but not dissimilar.

I move that as per section 17 of the Audit Act, the public accounts committee direct the Provincial Auditor to conduct a review of the allocation of "year-end funds" by the Ministry of Citizenship and Immigration for the last two fiscal years and report back to the public accounts committee no later than September 1, 2007.

We've had a great deal of discussion and I don't think I need to add to this. I think this is a very precise motion, with a precise time frame, and precisely talks about the last two fiscal years. I ask for the committee's support.

The Chair: Any discussion on the motion? Mr. Prue: On a recorded vote again, please.

Ayes

Hardeman, Prue, Runciman.

Nays

Lalonde, Ramal, Sandals, Smith, Wilkinson.

The Chair: I declare the motion lost.

Do you have an additional motion, Mr. Prue?

Mr. Prue: Yes, I do. I move that as per section 17 of the Audit Act, the public accounts committee direct the Provincial Auditor to conduct a special audit of the Iranian-Canadian Community Centre pertaining to the grant they received via the Ministry of Citizenship and Immigration in March 2006 and report back to the public accounts committee no later than September 1, 2007.

The Chair: Could I just ask a question? Do you mean

March 2006 or March 2007?

Mr. Prue: No, it was March 2006 that this fund, I understand, was given—

The Chair: That was a year ago.

Mr. Prue: Yes, it was in the first round.

The Chair: Okay. Any discussion on the motion?

Mr. Prue: This is a motion on just one organization. This will not encumber the auditor for a long time, but in looking through the grants that have been given out last year and this year, this is perhaps the most egregious that we have found to date. This is the organization that was chartered some three weeks before the grant was given. It was listed on the Revenue Canada website as an animal protection agency. It is the same group that has on its board of directors a Liberal riding association president and a Liberal candidate in the upcoming election, and whose entire board of directors has Liberal ties and/or to whom Liberal monies have flowed. We are asking that this group in particular—if there is only time to do one. that the auditor turn his attention to this group to see how this minister was able to fund a group that had virtually nothing to do with immigration settlement and had everything to do with the Liberal Party of Ontario.

The Chair: Any discussion?

Mr. Runciman: We're going to support this motion. I suspect that the Liberal members are not worried about encumbering the Auditor General; they're worried about making sure the light of day never shines on what transpired, especially, as Mr. Prue points out, with respect to this particular grant—seven out of seven directors with Liberal Party cards, a riding president, a provincial Liberal candidate. I and my colleague share Mr. Prue's concern. We think this is an appropriate compromise, to take a look at what is undoubtedly the most glaring example of problems with respect to the way this money was handed out. I would encourage the Liberal members to step back, take a deep breath and do the right thing.

The Chair: Further discussion? I'll call the question.

Mr. Prue: Recorded vote.

Ayes

Hardeman, Prue, Runciman.

Navs

Lalonde, Ramal, Sandals, Smith, Wilkinson.

The Chair: I declare the motion lost.

That completes the motions that we had in front of us on that.

I would just ask members if we could just have a brief discussion now with regard to the report on the school boards where we had the groups before us, and whether we'd like to give Ms. Campbell any kinds of instructions on what report we should write and what should be in the report. Does anybody have any suggestions on this matter?

Mr. Patten: You had brought this up yourself, and The Chair: We normally move into camera when we

do this.

Mr. Patten: Yes.

The Chair: Okay, we'll move into camera.

The committee continued in closed session at 1202.





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